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# USSR Report

INTERNATIONAL AFFAIRS

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7 OCTOBER 1986

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WORLDWIDE TOPICS

U.S.-JAPANESE-WEST EUROPEAN ECONOMIC 'CONTRADICTIONS' VIEWED

Moscow PRAVDA in Russian 8 Jul 86 p 4

[Article by Professor S. Menshikov: "The 'Triad' of Interimperialist Contradictions"; passage rendered in all capital letters printed in boldface in source]

[Text] A thorough analysis of the internal contradictions of the capitalist world and the deepening of the overall crisis of capitalism was provided in the Political Report of the CPSU Central Committee to the party's 27th congress and in the CPSU Program. At the same time, particular attention was devoted to the rivalry and struggle among the leading imperialist powers. "The last decades of the century," M. S. Gorbachev's report states, "have been marked by new outbreaks of **INTERIMPERIALIST CONTRADICTIONS**, and by the emergence of new forms and directions for them. Neither the affinity of the classes nor the interest in unification of forces and neither military, economic or political integration nor the scientific and technical revolution have eliminated this group of contradictions."

The congress revealed, in particular, the specific nature of current relations within the "triad" of modern capitalism--the United States, Western Europe and Japan--and suggested that new capitalist "centers of power" would emerge in the coming decade.

Let us touch upon just a few aspects of this topic.

I.

Since capitalism made the transition to its highest, monopolistic stage at the end of the 19th century, two opposing trends have always interacted in the camp of imperialism. One of them--the centripetal trend--is manifested in the striving by imperialist powers to unify and unite for the sake of achieving common group or class objectives: the exploitation of colonies and semicolonial territories and common actions against socialism and national liberation forces. The other trend--the centrifugal trend--is expressed in the unabated struggle for commodity markets, raw material sources and capital investment spheres, to possess economic territory in general, and to redivide the spheres that have already been divided.

Which of these two trends predominates in one segment of time or another is an exceptionally important question. In our time, as in the past, the fate of peace on earth depends on this to a considerable extent. An important feature of the current stage in capitalism's development is that both trends are being intensified at the same time. However, the imperialists powers' attempts to coordinate and agree on policy not only do not decrease the acute rivalry among them, but contribute to intensification of the interimperialist contradictions as well.

A number of objective factors are contributing to the centripetal trend in our time. First of all, there is the higher stage of concentration and internationalization of production and capital. The transnational monopolistic capital which has emerged on this basis predominates on the scale not only of individual countries, but of the world economy as a whole. At the same time, not only are national monopolies growing into transnational ones, but joint enterprises and production facilities are being created by the monopolies of various countries and the monopolies and banks of groups of various countries are being merged and consolidated into transnational empires as well.

The growing interweave of the financial oligarchy within the imperialist "triad" is also leading to greater coordination in their economic and financial policy and to attempts of coordinated state-monopolistic influence on the economy. At annual meetings, the heads of government of "the big seven" discuss overall strategy in trade and economic, currency exchange and other matters.

Internationalization of the military-industrial complexes is also increasing. In addition to coordination along the NATO line and other channels, which has been in effect for more than the first decade already, joint consortiums of the military monopolies of various countries are being established and their coalescence with the military clique of foreign states is under way. The military departments and concerns of West European countries and Japan are being drawn into the American "Star Wars" program.

These and other processes have contributed to the unity of the reactionary nucleus of the international financial oligarchy and to the development of a common political and economic platform of social revanche on an international scale.

## II.

Moreover, the effect of factors contributing to interimperialist rivalry has been intensified. The scientific and technical revolution has intensified both the leveling off of development in the countries of capitalism, as well as their spasmodic development. By the mid-1970's, the main West European countries and Japan had come close to the United States in the level of labor productivity and per capita production, and even outstripped it in a number of indicators. This was instrumental in forcing back the United States and .pa contributed to the drop in its share of international trade. At the beginning of the 1980's, production growth rates in Western Europe fell below those of the United States and the correlation of forces between these two centers was

relatively stabilized. As before, Japan is increasing its own share of world production and trade. The United States and Western Europe have continued to compete among themselves, holding a defensive position with respect to Japanese capital.

The sizes of competing monopolies have increased, which has objectively increased the competitive struggle among them. The establishment of foreign branches has become the predominant means of seizing foreign markets.

Further. Concerns are making use of increasing support from "domestic" state-monopolistic groups, which strive to provide the most favorable competition conditions for them. American monopolies complain about the "excessive" restrictions on their activity in Japan by local authorities, but at the same time, they make wide use of their own country to restrict imports of steel, motor vehicles, textiles, and a number of chemical products into the United States. By seeing a threat to their own profits in the actions of other governments, the American monopolies abroad are carrying out the role of champions of U. S. hegemonism [gegemonizm].

The complication of conditions in capitalist reproduction, the cyclical crises, and the lengthy stagnation in metallurgy, in the motor vehicle and chemical industry, and in traditional machine building and shipbuilding make the capitalist rivalry particularly acute.

Competition for superiority in the most important directions of scientific and technical progress has become an arena of tense struggle. The battles on this ground between American and Japanese concerns in the field of microelectronics and production of computers, new materials, optics, and so forth have been sharply intensified. In trying to overcome their lag in this and other scientific fields, West European concerns are combining their efforts along the line of the "Eureka" ["Evrika"] program and other state-monopolistic programs.

The system of imperialism continues to exist to a significant extent by plundering the developing countries and exploiting them most ruthlessly. However, reduction of the scope of imperialist domination, the disintegration of the colonial system and the struggle by liberated states against neocolonialism have led to a shift in the principal arena of interimperialist rivalry from the developing countries to the industrially developed capitalist countries. This is precisely where more than two-thirds of the foreign investments of transnational corporations have been made. The principal trade war is being waged namely for the largest markets in the United States, Western Europe and Japan.



Finally, the production of a number of so-called "new industrial countries"--Brazil, Singapore, South Korea and others--is providing additional competition. The outlines of new capitalist "centers of power" are showing through in Latin America and in the Pacific region.

All this attests to the fact that a qualitatively new stage in rivalry within the imperialist "triad" has advanced in the 1970's and 1980's.

### III.

The acuteness of the interimperialist struggle is also established by the fact that American imperialism unleashed an offensive on its partners in the 1980's, trying literally to squeeze them out in all fields. In the field of trade, American expansion came up against decisive resistance from competitors and on the whole, it has turned out unsuccessfully for the United States for the present. But in the area of credit and foreign exchange, American dictates have made it possible for a number of years to maintain excessively high levels for the dollar and loan interest and thereby pump more than 100 billion dollars annually into the United States from other countries, covering the huge increasing deficit in the American trade and payments balance, military expenditures, and part of the national budget deficit by this means.

In recent months, a new situation connected with the drop in the dollar exchange rate and some reduction in interest rates has taken shape. From the fall of 1985 to the present, the dollar fell 30 percent and more with respect to other currencies. At the same time, Washington not only did not impede this drop, but even contributed to it itself. What's the reason for such a sudden change in currency policy?

The fact is that the excessively high dollar in due course began to undermine the competitive positions of American goods, and the U.S. market was flooded with foreign goods. In 1985, the rate of economic growth in the United States fell sharply, amounting to just 2.3 percent. Under these conditions, Washington had to count on making the dollar cheaper.

The new policy of the United States has caused alarm in other countries which have sensed the threat of massed currency dumping from across the ocean. The shifts in the financial and economic policy of the United States illustrate a characteristic approach for them: disregard for their partners' interests, crude imposition of their own will on them, and the desire to "bring the three centers of modern imperialism under one roof." Effective economic cooperation among them, the American magazine FORTUNE admitted recently, "is as rare as a downpour in the Sahara." American imperialism is acting contrary to the interests of its partners' safety not only in the economic field, but in the military and political field as well.

As a result, the centripetal trend appears to be turning into its antithesis, intensifying conflicts within the "triad." Coordination of the positions of the three centers of imperialism most often becomes the result of the dictates or pressure of the United States, which leads to a situation in which the contradictions are not overcome, but aggravated. As noted at the 27th CPSU

Congress, it is difficult to expect that the complex of economic, military-political and other common interests of the three "centers of power" in the Western World may be broken up under current conditions. But within the limits of this complex, "Washington must not expect the submissive obedience of competitor allies to American dictates."

Such are the complicated dialectics of current relations within the imperialist camp.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

BETTER USE OF MATERIAL RESOURCES EXAMINED

Moscow FOREIGN TRADE in English No 8, Aug 86 pp 2-5

[Article by Prof Liliya Gramoteyeva, D. Sc. (Econ): "CMEA Member-Countries: Course for Better Use of Material Resources"]

[Text]

Over recent years the CMEA member-countries have been undertaking a large amount of work for assuring the effective use of fuel, energy and raw material resources. Due to the transfer to intensified production, a new system for providing the economy with resources has been developed in which the importance of the effective consumption of resources radically increases and the role of involving additional resources decreases. It concerns improvement of the qualitative consumption parameters of all kinds of resources, characterizing the present introduction into the economy of the highest organizational and most effective methods. That is why the CMEA member-countries consider their sequential resource-saving policy in the development of the economy as a key problem.

The established practice of economic management in the recent years witnesses that the European CMEA member-countries in the first half of the 1980s succeeded in reducing power consumption growth rates. Thus, in 1961-1980 for each per cent of increase of the total national income the expenditure of power resources grew approximately by 0.7 to 0.75 per cent and in the 1980s on average by only 0.5 to 0.6 per cent. Even in the 1970s the 40 per cent national income growth in the European CMEA member-countries (not including the USSR) was assured due to energy saving. Realization of the national specific programmes for saving energy and other material resources was of paramount importance for reducing energy consumption rates. In the 1980s, the economic growth in the GDR, Hungary and Czechoslovakia was achieved at an almost invariable or even decreasing volume of utilization of primary fuel and energy resources. The total saving of energy resources in Bulgaria,

Hungary, the GDR, Poland, the USSR and Czechoslovakia in 1980 reached nearly 145 million tons of equivalent fuel and by the end of 1985 some 250 million tons.

The CMEA member-countries' all-embracing activity on saving resources includes organizational-administrative and incentive measures. Most of the CMEA member-countries have introduced compulsory limits and strict norms on the consumption of fuel, energy and raw materials, stringent requirements on the use of fuel by transportation facilities and tighter norms on fuel and energy used in the public service sphere. They also exerted efforts to lower the expenditure of primary energy resources in the energy-intensive industries also through reducing the share of these industries in the overall material production structure.

Of great significance here is dissemination of the complexes, enterprises and industries' advanced experience. Valuable results have been obtained thanks to the use of secondary raw materials, low-waste and wasteless technologies, wider utilization of measuring, control instrumentation and modern thermal insulating materials and constructions, elimination of fuel losses during its extraction, transportation and storage, modernization and replacement of physically and morally obsolete equipment by the new one.

The European CMEA member-countries' experience shows that the best results of the effective use of material resources have been achieved in countries which began solving their key technological modernization questions in good time.

From these countries' experience one can conclude that at present, for example in the GDR the saving of raw materials, energy and other materials constitutes nearly 20 per cent owing to the application of traditional economizing methods. An 80 per cent reduction of material- and energy-intensity can be achieved through introducing the latest scientific and technical advancements into industry and daily life.

The socialist countries' R & D witness that the main conservation of energy resources is assured due to the development and introduction of principally new energy-saving technologies, machinery and materials. According to GDR and Polish specialists the improved technology introduced in the CMEA member-countries' industries could reduce the specific energy consumption approximately by one third.

Expanded use of the national and total scientific and technical potential is now the main trend of the CMEA member-countries' mutual cooperation in the power conservation sphere. The course for the development of such

cooperation between the CMEA member-countries was emphasized in the two important and recent CMEA member-countries' documents: the CMEA member-countries' Comprehensive Programme for the Saving and Rational Use of Material Resources for the period up to the year 2000 adopted at the 40th CMEA Session and the Comprehensive Programme of CMEA Member-Countries' Scientific and Technological Progress Until the Year 2000 adopted at the 41st (extraordinary) CMEA Session.

Realization of the large-scale economic, scientific and technical tasks envisaged in these programmes is of great consequence for fulfilling the decisions adopted at the CMEA member-countries' Summit Economic Conference concerning the radical curtailment of the energy- and material-intensity of production. To implement these decisions the CMEA member-countries placed special stress on the development and introduction of those types of equipment and technology which are capable of assuring qualitative changes in the specific consumption of resources. This is in the first place connected with the restructuring of many industries primarily energy-intensive ones on the basis of advanced science and technology.

The question is mainly about reducing energy- and material-intensive production at the existing enterprises through a radical technological modernization and deeper processing of fuel, raw material and other materials. At present in the ferrous metallurgical industry many European CMEA member-countries are successfully solving these problems. Much has been done through cooperation in improving the metallurgical production structure which immediately led to a cut in the material-intensiveness of production. A wide complex of measures ranging from preparation of iron ore for smelting to high-speed rolling processes, continuous steel heat treatment and automatic control systems assuring the economy and rational use of fuel-energy resources are being implemented.

As is well known, over the decades in the period of cheap fuel and raw materials the CMEA member-countries' economic complexes were formed as multisectorial energy-intensive industries (metallurgical, chemical, of building materials, etc.). Now that the conditions of energy supply have changed, this way is irksome to the economy and lowers its effectiveness. Hence the objective necessity of not only restructuring the energy-intensive industries but also of accelerating modernization of the material-technological base and wide introduction of new generations of equipment assuring intensification of the economy.

Understanding the socialist community countries' long-term resource-saving policy as a comprehensive socio-economic task opens new possibilities for resolving, by joint efforts, problems of reliably assuring supplies of raw materials, fuel and energy.

Due to the greatly expanded scales and the specific consumption of energy carriers, disproportions in the distribution of energy resources within the community countries, the worsened conditions of their development, the growing capacity and transportation increasing costs make it impossible to maintain the previous dynamics of the energy, raw material and fuel consumption growth. It became necessary not only to transfer the economy to the energy conservating mode but also to improve the fuel-energy balance structure.

The Summit Economic Conference held in Moscow (1984) placed great stress on the further development of atomic power engineering as one of the main trends of perfecting the CMEA member-countries' fuel-energy balance.

The specific feature of development of the CMEA member-countries' cooperation in power engineering in the next five-year plan period will ensure a comprehensive approach to the energy supply sources. For this purpose it is necessary to discuss the possibilities of agreeing on the progressive restructuring of the fuel-energy balance.

According to many CMEA member-countries' specialists, the growing importance of solid fuel such as coal, lignites and shales will substantially influence the development of the community countries' fuel-energy complex up to the end of this century.

The emphasis placed by the CMEA member-countries on the development of the coal industry is mainly due to the fact that coal is almost the only type of organic fuel whose explored, rather large, reserves are available in all CMEA member-countries, except Cuba.

The expanded extraction of coal and lignites in the CMEA member-countries needs greater investments. That is why it is very important to assure higher profitability as regarding their extraction, processing and use.

The CMEA member-countries' important problems are: the comprehensive utilization of coal and development of improved methods assuring a more effective use of low-quality coals, low-calory lignites with higher ash and high sulphur and moisture content.

The development and introduction of the effective solid fuel combustion methods is a promising trend of the joint activity in this sphere. Thus, cyclone furnaces for burning low-quality fuel and fuel wastes save up to 10-20

per cent of fuel, 5 to 10 times lessen the air pollution and reduce capital investments 1.8-2 times.

Wider cooperation in elaborating and introducing new and perfecting the existing methods for effectively processing lignites into liquid, gaseous and more transportable solid fuel will promote the more effective utilization of solid fuel.

According to the CMEA member-countries' experts, it is necessary to more actively develop cooperation in the joint manufacture and updating of machinery, equipment and materials in the extractive industry, including fully mechanized complexes, highly productive technological processes, mining equipment for working deep coal strata and thin seamed deposits.

The design of new types of progressive equipment for coal-dressing factories which will upgrade the level of raw material processing is also an evident tendency in the scientific and technical cooperation aimed at raising the effectiveness of solid fuel utilization.

A more active and comprehensive approach to the accomplishment of tasks assuring future requirements for liquid motor fuel is a problem common to all CMEA member-countries. The more effective use of crude oil is of great consequence here.

Despite the deeper processing of oil with its high proportion in the CMEA member-countries' fuel-balance structure this problem is still a pertinent one.

From the point of view of expanding the petroleum-refining capabilities of undoubted interest for mutual cooperation is wider application of diesel-powered transport. Soviet and world practice shows that change-over from petrol engines to diesel ones results in a saving of fuel by approximately 30 per cent.

The CMEA member-countries' studies witness that it is technically possible and economically expedient to use diesel more widely in the motor fleet. Specialists estimate that 65 per cent of lorries, 25 per cent of cars and a substantial number of buses can be changed over to diesel fuel.

From the data of the USSR Ministry of the Automobile Industry intensification of the process of transferring the motor transport to diesel engines would save some 25 per cent of the oil being consumed now by motor transport even with the present motor fuel output indicators. Cost effectiveness in this case could be around 18,000-20,000 million rubles.

Besides the above measures, the more effective use of oil and petroleum products to a great extent depends on the quicker introduction of catalytic heat generators in a number of economic sectors. These processes unlike the

traditional oil-refining methods increase the fuel utilization factor up to 0.75-0.95 and reduce the primary energy resource consumption by 20-30 per cent.

The CMEA member-countries' administrative bodies plan to accelerate modernization of the oil refining industry and thus reduce crude oil consumption. In this connection of special importance is cooperation in the manufacture of equipment assuring deep oil refining. Cooperation in increasing the capacities of enterprises reclaiming lubricating oils and utilizing some other petroleum products can also be promising.

Scientific and technological progress in the development of the oil, petroleum-refining and gas industries in the CMEA member-countries will further promote realization of the agreed resource-saving policy.

However, with the ever-increasing deficit of high-quality fuels and the growing capital intensity for expanding their extraction (per comparable unit of the fuel raw material product output growth the capital investments are five times higher than those in the manufacturing industries) it is of extreme importance to exert efforts aimed at reducing their specific consumption in all economic spheres without exception.

Therefore it is not without reason that the socialist countries' specialists and scientists, when proposing rational utilization of all types of materials and especially fuel-energy resources as one of the major problems, place accent also on further perfection of the economic mechanism for making the effective use of energy carriers and raw materials. This became the daily concern of each economic link. This activity has been highly valued and bears a purposeful character which is seen in the documents adopted at the fraternal countries' Congresses of the Communist and Workers' Parties.

A number of the European CMEA member-countries have gained rich experience on material and energy saving. The following is indicative of the above:

- the development of long-term concepts (for 10-15 years), including the basic tasks of the rational expenditure of energy, raw materials and their optimum use from the economic point of view;

- based on this, elaboration of long-term comprehensive specific programmes for conservation and rational utilization of energy and materials;

- qualitative upgrading of planning in the sphere of production and utilization of energy and raw materials as the major instrument for implementing the fuel raw material policy;

- strengthening centralized management and control of the saving process;



coordinated participation in elaborating and realizing the programmes for saving and rationally using energy and raw materials of the State Planning Committee (Gosplan), the Committee for Science and Technology and the USSR Academy of Sciences which rely in their work on ministries, research institutes, expert councils, working and consultative groups dealing with the main problems;

the principled unity of goals between high planning and economic bodies and direct executives of the programmes (departments, enterprises and complexes) is reached in the process of close cooperation based on detailization and distribution of specific tasks for conservation and rational utilization of fuel-energy and raw material resources correlated with the composite plans concerning the production and consumption of energy carriers and raw materials and the plan of economic development for the corresponding periods;

heightened responsibility of the top planning and economic organizations, ministries, departments, local administrative bodies and enterprises for organization and management of the saving process;

broad control activities;

more strict requirements placed on the observance of technico-economic norms and the state's quotas of using energy and raw materials;

the use of the economic mechanism stimulating the rational utilization of resources (the price policy, granting of subsidies, credits, use of penalty sanctions, etc.).

The CMEA member-countries' experience shows that the resource-saving process is not merely a sum of certain technico-economic measures in the narrow practical understanding of this question but a system embracing all aspects of the reproduction process.

CMEA bodies organize the wide-scale activity on specifying and realizing the major measures aimed at saving material resources. Almost all CMEA branch standing commissions and committees for cooperation in the field of planning, material and technical supply and for scientific and technical cooperation are strengthening the CMEA member-countries' multi- and bilateral ties when solving these pressing problems of the present-day development of productive forces.

The prospects for the all-round solution of problems concerning saving and rational use of fuel and raw material resources in the community countries are connected with realization of the Comprehensive Programme of the CMEA Member-Countries' Scientific and Technological Progress Until the Year 2000. Each of its five priorities are founded on the need to design new

generations of resource-saving equipment, machinery, technological processes and new materials. This programme determines the agreed scientific and technical resource-saving policy being pursued and adopted by the CMEA member-countries.

Today this is especially important. The CMEA member-countries' active efforts aimed at solving this problem and their expanded mutual cooperation are of great economic, social and political consequence. The CMEA member-countries' capital investments allocated on the development of their fuel-energy and raw material base have more than doubled over recent years. The excessive development of primary industries whose portion constitutes over 50 per cent of the gross social product and nearly 40 per cent of basic industrial funds and labour resources, is now burdensome for the economy. Due to the transfer of the USSR's extractive industries to remote regions the fuel raw material production costs are becoming higher and higher. Hence a number of new problems: the more resources are directed to the extractive industries the less possibilities there are for the development of manufacturing industries. This also affects industries implementing scientific and technological progress.

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SOCIALIST COMMUNITY AND CMEA AFFAIRS

INTERNATIONAL SYMPOSIUM ON CMEA LEGAL ISSUES REVIEWED

Moscow FOREIGN TRADE in English No 8, Aug 86 p 15

[Article by Pavel Smirnov: "International Symposium on CMEA Legal Issues"]

[Text]

Last April the second International Symposium on CMEA Legal Issues was held in Varna (Bulgaria). It was sponsored by the Bulgarian Chamber of Commerce and Industry and the Arbitration Tribunal at this Chamber.

The Symposium was attended by leading scientists, chairmen and arbitrators of arbitration courts and commissions, heads and specialists of legal departments of the CMEA countries ministries, lawyers of foreign trade organizations and industrial enterprises, representatives of the CMEA Secretariat. All in all about 400 people took part in the Symposium.

The Symposium coincided with the CMEA countries fraternal Communist Party congresses which outlined new goals for these countries' social and economic development. Solution of legal problems is one of the essential factors for the ever-growing perfection of cooperation and development of socialist economic integration.

The Symposium sponsors pub-

lished and distributed well in advance among participants a brochure containing the following reports:

V.S. Pozdnyakov (USSR), Transfer of Ownership Rights (as specified in CMEA GTD 1968/1975, 1979 wording);

A. Tynel (Poland), Terms of Delivery as Specified in CMEA GTD;

V. Tadzher (Bulgaria), Principle of Actual Fulfilment as Specified in CMEA GTD in the practice of the CMEA Countries Arbitration Bodies;

M. Knappova (Czechoslovakia), Shortage and Liability for it as Specified in CMEA GTD;

K. Popov (Bulgaria), Problems Concerning Return of Monies as Specified in Para 53-58 CMEA GTD;

H. Wagner (GDR), Debtor's Diminished Liability as Specified in Para. 67 B-4 CMEA GTD;

J. Szasz (Hungary), Compensation of Losses as Specified in CMEA GTD;

H. Strohbach (GDR), Penalty for Late and Non-delivery of Goods as Specified in CMEA GTD;

M.G. Rosenberg (USSR), Limitation as Specified in CMEA GTD;

Zh. Stalev (Bulgaria), Succession in a Delivery Agreement as Specified in CMEA GTD;

V.A. Lavrov (USSR), Correlation of Agreement on Specialization and Cooperation in Production with a Contract on Foreign Trade Sale-Purchase (delivery) of Specialized Products;

S. Silberstein (Romania), Counter Claim and Objection to Compensation.

During the symposium legal issues as presented in summarized reports were thoroughly discussed. Special attention was paid to the practices of arbitration courts and commissions of the CMEA countries chambers of commerce and industry.

In the reports, speeches and the participants' discussions difference in arbitration practice were pointed out including others when applying CMEA GTD regulations; emphasized were omissions and certain ambiguities in CMEA GTD, imperfections of a number of regulations, disparities of national law arbitrarily applied to relationships on goods deliveries between the CMEA countries organizations; criticism of particular arbitration bodies' certain decisions and general position on some matters were

made; proposals previously substantiated in literature were supported and new suggestions for improving CMEA GTD adopted.

Despite the fact that mainly CMEA GTD matters were the subjects of the reports, contemporary problems of legal regulations embracing all contractual relations were highlighted. Some possible ways of their solution were also suggested. For instance, the general character and importance of some legal institutions for all sorts of commitments (real fulfilment, late claims, etc.) were stressed that should be considered in the collective law-making process.

The symposium was the largest forum held recently and it promoted the better understanding of many issues, whose solution could positively affect the practical activity of arbitration courts and commissions.

The symposium results will most likely be taken into account by the Conference of Representatives of CMEA Countries on Legal Matters as well as by its working groups, competent state bodies, the CMEA Secretariat, scientists, arbitrators, etc. in their future work, when elaborating proposals and taking decisions for harmonizing national laws, perfecting and expanding the scope of common law.

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### THIRD WORLD ISSUES

#### KIM CALLS FOR SOVIET STUDY OF THIRD WORLD ECONOMIC PROBLEMS

Moscow AZIYA I AFRIKA SEGODNYA in Russian No 6, Jun 86 pp 2-4

[Article by G. Kim, corresponding member of the USSR Academy of Sciences, under the rubric "The 27th CPSU Congress and the Liberated Countries": "Soviet Eastern Studies on the New Frontier"]

The 27th CPSU Congress will go down in history as an event of enormous political significance. It will take a special place in the chronicle of the supreme party forums and in the annals of all mankind since it met at a turning point in the life of the modern world, related above all to the development of the scientific-technical revolution. Speaking of the contradictory dialectics of the scientific-technical revolution, M.S. Gorbachev noted that it determined, on the one hand, a "qualitative leap in production forces" and, on the other, a "qualitative leap in means of destruction, in military terms, which for the first time in history "have endowed" man with the physical ability to destroy every living thing on Earth."<sup>1</sup>

An extraordinarily critical dilemma now faces mankind: either peaceful coexistence or self-destruction as a result of nuclear war. This dilemma makes a new approach (more than that, a new way of thinking) about the key problems of contemporary times imperative. The 27th CPSU Congress demonstrated precisely an innovative, truly revolutionary approach to solving the global problems of mankind and the urgent questions of developing our society and to formulating a scientifically valid program of accelerated socioeconomic development on the basis of the latest achievements of scientific-technical thought.

The role of the social sciences has risen in an extraordinary way in our age of swift revolutionary development. The fact that questions of the development of science and its increased role in society were analyzed in depth at the congress is of enormous significance to us, the social scientists. "Today a complex set of problems stemming from the contemporary, turning point nature of the development of our society and the world as a whole is the focus of the party's theoretical thought," said M.S. Gorbachev. "The multifaceted tasks of acceleration and its interrelated aspects--political, economic, scientific-technical, social, cultural-spiritual, and psychological--need further indepth and all-encompassing analysis."<sup>2</sup>

A number of theoretical problems of Eastern studies which remain disputed and unsolved are related to the difficulties of finding a correct correlation of general and particular patterns of historical development. The thesis of the uniformity of the world historical process is the cornerstone of Marxist-Leninist theory. In addition, with the accumulation of knowledge it is more and more clearly revealed that at all stages of their history the countries of Asia and Africa have had essential typological distinctions from the states of Western Europe. Consequently, a detailed study of the particular material on a particular country on the basis of Marxist doctrine on formations must surely take into account the impact of historical-traditional factors on the contemporary situation in the Afro-Asian world and the unique "deterministic," given character of many major contemporary phenomena, causally linked to their history and their past. From this standpoint, the problem of the timeliness of scientific research in Eastern studies must not be related simply with "chronology," since in real life the "contemporary" [sovremennoye] must not be understood and even less so explained without an indepth knowledge of history.

The development of capitalist production relations in the colonies gave impetus to the national liberation movement, and therefore is at root a bourgeois phenomenon in the most general formulation. Nonetheless, trends which are in essence extremely different exist and frequently intertwine in capricious ways in this movement.

The situation which existed in the past has been studied quite thoroughly. The ideology of the anticolonial movements of the 19th century under the slogan of returning to the past received the name "feudal nationalism" in our literature. We consider such movements as a whole progressive for the period when our own national liberation movement under democratic slogans had not yet taken shape. Another phenomenon has also been studied somewhat thoroughly--contamination in the ideology of a single movement of democratic and conservative features.

Of course, one must not close one's eyes to the fact that in certain anti-imperialist movements today the correlation of progressive and conservative factors has changed toward the latter. Their anti-imperialism is closely related to anticommunism and anti-Sovietism but the appeal to religion remains the means to attract the masses to the struggle, not to democracy but rather to the establishment of a theocratic regime. The irony of history is that the intensification of the activism of the obscurantist forces in liberation movements is the other side of the dissemination of progressive ideas in the countries of the East. The struggle against them on the part of internal reaction sometimes takes the form of rejection of everything "Western"--from the intervention of the Western powers to Marxism. This phenomenon could have been called such an at-first-glance paradoxical term as "reactionary anti-imperialism." It can play a short-lived positive role, but ultimately hostility toward everything new has an effect and drives it back to the camp of reaction.

This is one of the indicators of the fact that the development of the countries of Asia and Africa has its specific nature, and that in order to understand and predict their evolution an indepth study is needed of their



history, their existence in the period of colonialism, and their civilizing features.

The fundamental problem of the formational development of the contemporary countries of the East--the problem of the limits of capitalist development--is directly related to the most important question of the struggle of the two world social systems: can local capitalism provide a "second wind" for the world capitalist formation which is past its prime (and if it can, to what degree)? Are the social contradictions on the periphery of the world capitalist economy becoming more acute and is this periphery becoming the weak spot in the world capitalist system? Finally, how deep are the historical roots of local capitalism and how organically "built in" is local capitalism in the fabric of the socioeconomic structure of the East?

In recent years the study of capitalism as a "structure of a social economy" (V.I. Lenin), especially its "vertical plane," beginning from small capitalist forms and ending with national monopolies (India, Turkey, Iran, and the Arab countries), has continued. The study of the interaction of local large capital with the capital of transnational corporations and of the question of the role of this "symbiosis" in aggravating the contradictions of social reproduction was begun. Evaluation of the state's impact on the formation and development of the capitalist method of production and the influence of the development of capitalism on the evolution of traditional structures properly takes a leading place, since destruction of the traditional economy without its adequate replacement with more progressive forms destabilizes the entire sociopolitical situation in the developing world.

The strengthening of the link between economic theory and practice was expressed in a substantial expansion of subject matter and a rise in the level of concrete scientific research. In particular, structural advances in the economies of the developed capitalist countries and their impact on the situation of the developing countries in the world capitalist economy and the external conditions of reproduction in these countries have become objects of careful analysis.

Particular attention was given to the increased role of the liberated countries in world production in the 1970's. During the structural energy-raw material crisis the dependence of developed capitalist states on supplies of raw materials from the former colonial periphery sharply increased, many foreign companies were nationalized, prices on raw materials were raised, the role of industrial exporters rose, the group of oil-producing countries became the possessor of monopoly rent and the major exporter of capital to the West, and the developed capitalist world was forced to start a dialogue regarding the new international economic order. All this seriously undermined the system of neocolonial exploitation and substantially increased the role of the liberated countries in world economic relations.

Nonetheless, for the aggregate of qualitative indicators the developing countries' lag behind the centers of capitalism did not decline and their position as the dependent periphery of the international capitalist economy continued. Moreover, a new situation had already begun to take shape in the world capitalist economy in the late 1970's and the early 1980's.

The slowdown in the rate of economic growth in the West and the weakening of its dependence on the importation of energy and raw material resources and certain types of industrial output as a result of the introduction of resource-conservation technology and the transition to a new technological model of development led to substantial deterioration of the external conditions of reproduction in the developing countries, relative constriction of export incomes and enormous growth in the foreign debt, intensification of instability, and ultimately--to a slowdown in their economic development.

Facts confirm that imperialism managed to organize a kind of counterattack on the world of former colonies, and this very substantially complicates the struggle for a new international economic order. The present negative trends will continue into the future and the position of the developing countries in the world capitalist economy will obviously remain difficult, which will lead to a slowdown of their economic growth and limit opportunities for a structural reorganization of the economy.

The conclusion of the 27th CPSU Congress on the main features of contemporary capitalism is of great methodological significance for us: "A new, complex, and dynamic set of contradictions has been formed between imperialism and the developing countries and peoples."<sup>3</sup> M.S. Gorbachev put this group of contradictions after interimperialist contradictions. This is also the reason for the importance of the task which social scientists face in the area of studying all the mechanisms of this set of contradictions, the dialectics of their further development, and the inevitable consequences of their impact on the contemporary world. One conclusion can even now be drawn, with no risk of error.

The worsened conditions of the functioning of the developing countries in the world capitalist economy and the intensification of neocolonialist exploitation will preserve and reconstruct the anti-imperialist potential in the "third world" and aggravate social tension and the class struggle.

The problems of the formation of capitalism in the contemporary countries of Asia and Africa also have a social side. The concept of the synthesis of the traditional and the contemporary in various stages of history--a concept aimed at further development of the doctrine of the formational development of mankind--was formulated. Such a methodological approach demonstrated substantial explanatory ability in analyzing contemporary sociopolitical development of the countries of the East. The concept of synthesis in social development can be useful in examining a whole number of disputed questions which do not lend themselves to solution within the framework of a methodological approach which only takes mature phases of formational development into account.

Various classes and strata of contemporary Eastern society have been subjected to special study: the proletariat, the bourgeoisie, the intelligentsia, the urban lower classes, the ruling elite, and the peasantry. An important step forward was made in studying the impact of Islam as well as Buddhism on the social life of the contemporary East. Our knowledge of the specific nature of the party-political structure of the states of the zone of the national

liberation movement has been substantially bolstered. The completion last year of important work on the problems of the development of the communist movement in the countries of Asia and Africa was an essential contribution to fulfilling those tasks which Soviet social scientists face.

Thus, quite a lot has been accomplished in studying the sociopolitical aspects of the contemporary development of the East. Nonetheless, the complexity of the subject itself, the dynamism of the situation, and the need to take into account the latest events pose more and more new tasks for researchers. The criteria of social progress as applied to present conditions in the countries of the East must be worked out. This is a fundamental task which is of enormous theoretical and practical significance. For a start our evaluations of the social structure of the developing countries should be refined and made concrete and we should move from studying particular classes and strata to a comprehensive social-class analysis of society as a whole. Moreover, up to now questions of social contradictions and the class struggle in the "third world" have been insufficiently studied.

Many countries of the East are the arena of ethnic-religious and interstate conflicts which, of course, to a certain degree reflect the interests of the different classes and the opposition of world systems but which at the same time are the essence of the confrontation in the struggle for privileges of one community or another (caste, religion, ethnos) and in the struggle where there are no rightists and where there is a rather large element of the Middle Ages. In the political sphere of the countries developing along the capitalist path we see the struggle of political parties proposing programs which claim to protect the interests of certain social-class coalitions. But upon closer examination the political parties prove to be conglomerates of groupings with the most diverse and usually narrowly selfish goals, and a lack of principles and feudal methods of insuring "loyalty" flourish in their activities. The officially proclaimed secularism in fact becomes broad use of religion in politics.

All this is a manifestation of that synthesis of the contemporary and the traditional which was discussed above and which will determine the entire social life of these countries for a long time to come. The study of this multisided phenomenon is an important scientific task.

Taking into account these aspects--the problems of the synthesis of the traditional and the contemporary and the search for a solution to the problems of social progress in the Afro-Asian world and others, it may be said that the theoretical interpretation of the essence of national democratic revolutions and a weighted and realistic evaluation of opportunities to turn them into people's democratic revolutions is today acquiring new facets. Analysis of the historically changing correlation between revolution and reform in social life is of enormous significance in understanding the essence of the struggle for social progress in the East.

Soviet scientists are studying the operation of the economic mechanism in the countries of socialist orientation and the question of the causes and potential consequences of differentiation in this group. The positions of the large bourgeoisie and landowners there are eliminated or substantially

undermined, the state owns the commanding heights in the economy, some of the peasants are engulfed by cooperatives, and the development of the private sector is carried out under state control and subordinate to performing nation-wide tasks. The state plays the leading role in the production and use of the social product. In a number of countries the state sector is the main producer and consumer of goods and services. The foundations of national planning have been laid.

Nonetheless, for a number of objective and subjective reasons, the efficiency of the economic mechanism in these countries is still low and the state still cannot close off all channels for using the state sector for the purposes of enriching the top level of the state apparatus and private entrepreneurs, which allows the reactionary forces to attack both the state and the very idea of socialist orientation. Consequently, refinement of the economic mechanism of the countries of socialist orientation in order to make it irreversible is one of the most important tasks. Our scientists must give these problems greater attention.

One of the central directions of the scientific research work of Orientalists was the study of the experience of the formation and development of the new socioeconomic formation in the socialist countries of Asia on the example of the Mongolian People's Republic, the Democratic People's Republic of Korea, the Socialist Republic of Vietnam, and the Lao People's Democratic Republic. The general patterns and national features of the building of the economic foundation of socialism have been especially thoroughly examined and the experience accumulated by these countries in creating the material-technical basis of a new society, carrying out socialist industrialization, restructuring the countryside, and putting the economy on a planned basis has been generalized.

The role of the peoples of the liberated countries which have joined the path of sovereign state development is steadily rising in the world arena. In recent years Soviet Orientalists have intensified the study of the key problems of the foreign policy course of the young states of Asia and North Africa. In addition, the international situation in these regions needs more attention. The priority tasks of studying this problem area stem directly from the new edition of the CPSU Program. The socioeconomic prerequisites of the nonalignment movement and its ideological-political sources related to the interaction of national, regional, and international interests must be studied in greater depth and detail. It is extremely important to organize scientific prediction of the prospects of the evolution of the nonalignment movement for the next 10-15 years and to determine its potential in the struggle to prevent nuclear war and for universal and complete disarmament on a global scale.

The primary task of Soviet Orientalists is an indepth study of the role and significance of the cooperation of the liberated countries with world socialism, and above all with the Soviet Union. And the efficiency of scientific criticism of the anti-Marxist concepts of foreign specialists in Soviet affairs who distort the USSR's policies toward the countries of the East must be increased. This criticism not only has an academic side but also an important counterpropaganda side.

Important tasks are arising in light of the basic documents of the 27th CPSU Congress in the area of Eastern studies which we continue to call the "classic cycle." In addition to history (which we briefly examined), this includes source study, the study of culture, and philology.

The tasks which Soviet Orientalists face are not restricted to those which stem from the need to carry on and deepen research already underway. New directions and new specializations should be founded in the near future and attention to disciplines which have not yet been sufficiently developed should be sharply increased. This means social anthropology, the study of culture, social psychology, problems of family-clan relations, and the like.

In this connection, the question of the correlation of basic Orientalist research with the practice of the interrelation and interaction of the USSR with the developing countries must be dealt with. Fundamental works make up and, as the congress documents emphasize, should make up the foundation of the research process. Research must be brought to that line which joins the practical activity of our state in the arena of world economics, politics, and culture and not only joins but serves as an important theoretical (and in this sense guiding) basis for this activity.

In short, a two-fold task must be performed: divide scientific efforts sufficiently precisely between basic research and practice, on the one hand, and closely correlate and join the first and the second--on the other. This is not an easy task, but Soviet Orientalists must find a correct solution to it since only then will they be able to make their worthy contribution to fulfilling the gigantic and bold plans outlined by the 27th Congress of our party.

#### FOOTNOTES

1. M.S. Gorbachev, "Politicheskiy doklad Tsentralnogo Komiteta KPSS XXVII syezdy Kommunisticheskoy partii Sovetskogo Soyuza" [Political Report of the CPSU Central Committee to the 27th CPSU Congress], Moscow, 1986, p 11.

2. Ibid., p 108.

3. Ibid., p 20.

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PROTESTS, STRIKES, VIOLENCE SINCE 1976 SOWETO UPRISING

Moscow AZIYA I AFRIKA SEGODNYA in Russian No 6, Jun 86 pp 24-26

[Article by A. Gorodnov under the rubric "26 June-- South Africa Freedom Day":  
"Unconquered Soweto: A Chronicle of the Struggle"]

[Text] On the morning of 16 June 1976 pupils began to gather near the secondary school building in the "black" suburb of Johannesburg--Soweto--and in the settlement of Orlando West. By 0800 there were 10,000-15,000 of them. With the slogans--"Down with Afrikaans!" and "Afrikaans--The Language of the Oppressors!", they began to move toward the stadium to hold a rally there. A detachment of police blocked their way.

"Shots were heard. Dust, smoke, blood, children running... Stones flew at the police. The shooting didn't stop. But the crowd moved ahead. Anything they could lay their hands on was hurled at the repressors," witnesses to the events of the day say. But in the evening when the adults returned from work in the "white" regions, barricades had appeared in the streets of the settlement.

Thus began the unrest of the African pupils 10 years ago in the Republic of South Africa [RSA]; it later came to be called the "Soweto uprising" and--it would not be an exaggeration to say--it rocked the entire world.

The demonstrations of the school children who protested against the introduction of the teaching of Afrikaans--the language of the white settlers of Dutch descent--and against segregation in the education system soon developed into battles with the police and troops. In August the young people got the support of the black proletariat. In Soweto alone up to 90 percent of the workers and employees took part in a general strike. From 4 through 6 August most of the enterprises and establishments in Johannesburg were idle.

Nonetheless, the forces were too uneven. Stones and bottles against automatic weapons, armored cars, and tear gas... According to official data, in a few months almost 600 Africans perished and more than 6,000 were thrown into jail. But the resistance did not stop.

The situation in the country remained tense. Even the heads of the apartheid regime themselves were forced to acknowledge that. In a message on the

occasion of the new year, 1977, prime minister J. Foster announced: "The storm has not yet burst, but this is the whirlwind which foreshadows it."

On the eve of the first anniversary of the uprising in Soweto, pamphlets printed by the African National Congress (ANC) of South Africa appeared everywhere. They called for strikes and the continuation of the struggle. The young people did not delay in responding to the call. On 16 June 1977 more than 3,000 pupils boycotted classes. The police again used firearms to disperse the demonstrations and rallies. In two days 10 people were killed and 32 wounded.

The armed struggle of the patriots against apartheid has intensified since early 1978. In February the police station in the city of Deviton was seriously damaged by a powerful explosion. 1979 was marked by the explosion of mines on the railroads which connect Soweto and Johannesburg. The ANC took responsibility for these operations. The same year soldiers of its militarized wing "Umkonto ve sizve" (Spear of the Nation) fired on two police stations in Soweto, withdrew without losses, and "dissolved" into the local population. The cordons set up by the authorities did nothing.

In 1980 there was another attack on a police station--this time in the "white" quarter of Johannesburg. ANC soldiers approached the building in two vehicles, fired on it with a rocket launcher and automatics, and threw grenades and pamphlets with a demand to free the acknowledged leaders of the national liberation movement--Nelson Mandela and Walter Sisulu--from prison. It is difficult to overestimate the psychological impact of this act. The white racists were stunned. For this time the "keepers of order" were attacked in the virtual center of a large city.

The inhabitants of Johannesburg had not managed to come to their senses when they were awakened by a deafening explosion at dawn on 1 July. The reservoirs at a plant for distilling coal into liquid fuel near Sasolburg were burning. Pillars of flame which leaped up a kilometer high were visible at a distance of up to 80 kilometers. Losses totaled almost 6 million rands (about 7 million dollars at the exchange rate at that time). In an announcement the ANC pointed out that these "bold mass attacks" were committed by divisions of the "Umkonto ve sizve."

The intensification of the armed struggle in the years after the bloody events in Soweto was by no means coincidental. The uprising served as a powerful stimulus for young Africans to join the ANC. Escaping from repression, hundreds of young men and women fled beyond the RSA borders. There many of them merged with the "Umkonto ve sizve," went through military training, and then illegally returned to the homeland and launched a real war against the regime's repressive organs.

Nor did the African proletariat remain on the sidelines. In July-late August 1980 more than 10,000 workers of virtually all municipal services of Johannesburg--engineering, energy, gas, and transport services--struck. As the RAND DAILY MAIL wrote at that time, "this was the largest strike of personnel at enterprises of one owner in South Africa's history."

The combat actions of the patriots are becoming daily reality. Every year brings something new and raises the struggle to a higher level. One of the main armed forces bases of the RSA--Fortrekkerkhogte--was fired on with missiles on the night of 12 August 1981. This threw the military and police authorities into complete confusion. It turned out that "Umkonto ve sizve" had weapons capable of destroying large army targets.

In the same year, 1981, the racists intended to mark the 20th anniversary of the proclamation of the RSA with great pomp. The Africans who lived in Soweto and other settlements and cities of the country met this anniversary in their own way. Posters carried by those participating in mass demonstrations and rallies said: "No to the Apartheid Republic!" and "Onward to a People's Republic!"

1982 was marked by a series of numerous explosions and attacks on police stations. The strike against the atomic power plant which was built in Kuberger not far from Capetown was the most significant operation. "A skillfull and bold attack on a high-level target" was how the Johannesburg STAR described this attack.

In March 1983 Professor Houg from the institute of strategic studies of the University of Pretoria announced that "there is nothing unusual" about the explosions which occurred early that year. But an "unusual" explosion was also heard. On 20 May 1983 a car with a cargo of dynamite blew up in the center of Pretoria near the air force headquarters and counterintelligence building. 20 people were killed and more than 200 wounded. "Oh, God! It's war!" exclaimed one of the soldiers who survived. The Africans rejoiced. "Finally our boys hit their most sensitive spot," said the mother of two young people who had left the country in order to return with weapons in their hands and join the liberation struggle, to a correspondent who had arrived in the region of the event.

As usual, mass demonstrations took place on 16 June 1983. The black-green-black flag of the ANC was raised at a rally in Soweto. Speakers talked of the need to unite all forces opposing apartheid and called for those assembled to dedicate themselves to the struggle for the complete liberation of South Africa.

1984. Endless explosions on railroads, attacks on police stations, strikes, a boycott of classes by pupils. It is getting more and more difficult for the authorities to keep the situation under control.

Attempting to lessen the heat of the struggle, the P. Botha government carries out "constitutional reform." Two additional houses, one for "Coloreds" and one for Indians are created in the racist parliament. True, their representatives do not have the right to make any decisions independently, without the approval of the "white" house, but this in no way bothers the legislators from Pretoria. The main thing is to split the unified antiracist front by throwing them scraps and to give the appearance of change in order to pit the mestizos and immigrants from Asia against the dark-skinned Africans.



Nonetheless, these plans were not fated to be carried out. An insignificant minority of Indians and "Coloreds" participated in parliamentary elections, but most sided with the Africans who went to the streets with the demand to grant voting right to all the country's inhabitants, regardless of the color of their skin.

Antiracist demonstrations continued with unabated force in 1985 and the first half of 1986 and truly engulfed the apartheid state. The streets of African settlements, as newspapers reported, remind one of front lines hammered out by troops and military equipment.

The ANC and the United Democratic Front (UDF), which was organized in 1983 and now unites about 700 mass social organizations, head the struggle of the oppressed, which has entered a qualitatively new phase. ANC and UDF activists were in the first ranks of demonstrators who crossed the police cordons and distributed combat pamphlets and in fiery speeches called upon their colleagues to overthrow the hated regime. These were the people who were most savagely repressed by the authorities. Winnie Mandela and Albertine Sisulu, the wives of the leaders of the ANC, and UDF leaders Patrick Lekota, Popo Molefe, Frank Chikane, Curtis Nkondo, Archibald Gumede, and many others were repeatedly arrested. The young poet-patriot Benjamin Moloize was executed in a torture-chamber.

Despite the monstrous racist terror, the situation is getting more and more out of the government's control. Without the use of troops the police are no longer able to deal with the demonstrators and cut down the wave of popular rage. Prisons are overflowing. According to official but far from complete data, more than 14,000 Africans had been thrown behind bars up to July 1985.

The mass demonstrations not only encompass those traditional "hot" spots like Soweto, Mamelodi, Aleksandria, and other African settlements but also the largest cities--Capetown, Johannesburg, and Port Elizabeth.

In July the authorities introduce a state of emergency in many regions of the country. Nonetheless, this only heats up the situation. Reports from the RSA read like summaries of combat operations. Army patrols are on the streets, there are searches and cordons. At night the secret police set loose special bands of hired terrorists with the assignment of kidnapping and physically eliminating leaders of the resistance movement. The police and army are admonished "not to spare bullets or tear gas" in putting down demonstrations.

Funerals of victims of the apartheid regime become powerful acts of protest. In December 45,000 residents of Mamelodi conducted fallen martyrs to their final resting place. In the smallest grave--no bigger than a shoebox-- two-month-old Troshia Ndlovu was buried. These processions happened yesterday, they are happening today, and they will also happen tomorrow. Women, children, and old people are killed in South Africa every day, they are killed with refined cruelty.

The patriots responded to this repression with an intensified armed struggle, explosions of bombs at strategically important points, and attacks on police stations and military barracks. In 1985 136 attacks were carried out as

compared to 44 in 1984. At the appeal of the ANC, the Africans directed their anger against bureaucrats--the proteges of the racist authorities. In some regions the people created "alternative" organs of power and became actual masters of the situation. Homes of traitors and police informers were burned. More than 100,000 school children boycotted classes in Soweto.

At the same time the Africans resorted to boycotting stores owned by whites. This action organized by the UDF was successfully carried out in Pretoria, Capetown, Durban, Pietermaritzburg, East London, and the suburbs of Johannesburg. As a result, the leaders of trade firms appealed to the government to meet the demands to abolish the state of emergency and free political prisoners as well as allow the Africans to trade in "white" regions.

The ANC's presence is felt everywhere. Its flags and slogans are everywhere. The name of Nelson Mandela is on everyone's lips as the symbol of the struggle.

The situation which has taken shape in the country enabled the South African CP to draw the following conclusion: "The mood of the masses of the oppressed people of South Africa attests to their readiness for an uprising. The crisis of the apartheid regime is intensifying... civil war is becoming imminent."

Certain circles of the white community also understood this. Trying to save the situation, they persistently advised the government to make contact with the leaders of the antiracist movement. The authorities thought otherwise and chose a "tough course," officially banning any meetings with representatives of the ANC; this did not, however, keep important businessmen from holding negotiations with the president of the African National Congress, Oliver Tambo, in Zambia.

In March 1986 the state of emergency was nonetheless abolished. In the words of the minister of law and order, Louis le Grange, it "had the needed effect." According to the official data he cited alone, during its operation (until the beginning of this year) 955 people perished and 2,229 were wounded, and the damage done by the unrest exceeded 62 million dollars. But the South African institute of racial relations reported that the number of those who died was at least 250 more and that 35,000 people were arrested without charges.

The authorities are trying to put a brave face on a sorry business. And now, on the eve of the 10th anniversary of the uprising in Soweto, demonstrations of the oppressed majority against racism and apartheid are not abating. The ANC declared this year the Year of "Umkonto ve sizve" and 16 June--South African Youth Day. This is not only a tribute to the memory of the young patriots who fell 10 years ago at the hands of the repressors, but also an appeal for a decisive struggle until victory.

"Down with Apartheid!", "One Man--One Vote", and "Praise the People's Republic!" are now inscribed on the banners of those who go into battle against racist rule and for the freedom and social progress of South Africa.

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THIRD WORLD ISSUES

U.S. DESTABILIZING ROLE, USSR PEACE PLAN FOR CYPRUS CONTRASTED

Moscow AZIYA I AFRIKA SEGODNYA in Russian No 6, Jun 86 pp 30-32

[Article by I. Ivanova, candidate of historical sciences, under the rubric "Countries, People, Time": "Cyprus: In Support of a Fair Settlement"]

The 21 January 1986 proposals on the principles of a Cyprus settlement and ways to achieve it occupy an important place in the set of peace initiatives advanced by the Soviet Union in recent months. The lack of a solution to the Cyprus problem, this document points out, creates a threat to the existence of the Republic of Cyprus as an independent, sovereign, territorially integral, unified, and unaligned state. The island, which occupies a key position in the Eastern Mediterranean, has remained a dangerous center of international tension for a long time. In whose interests is this and why?

The more than quarter-century history of independent Cyprus is essentially the history of imperialist intervention in its internal affairs. Inasmuch as the struggle of the Greek Cypriots (they now make up approximately four-fifths of the 650,000 people of the country) against British colonialism developed from the late 19th century to the middle of our century under the bourgeois nationalist slogan of "enosis"--unifying the island with Greece--which naturally could not be attractive to the Turkish Cypriots, the mother country used this circumstance to inflame intercommunity hostility and try to hold their positions in Cyprus. Greece and Turkey were involved in the conflict; each of them supported "their own" community. The armed actions of the insurgents nonetheless forced England to leave in 1960. But the objective need to form a sovereign Cypriot state was realized in a distorted form, through a compromise achieved within NATO for the sake of strengthening its southern flank.

In accordance with the so-called Zurich-London agreements imposed on the republic even before it was formed, 99 square miles of Cypriot land remained under Great Britain's control; the English military bases of Akrotiri, Dhekelia, and Episkopi are located there. The text of the agreements included the deliberately "volatile" constitution of the young state which did not fully suit either the Greeks or the Turks, at the same time as the former mother country and Greece and Turkey--all together and individually--

guaranteed the immutability of Cyprus's political system and received the "right" to use force to do so.

The Republic of Cyprus, guided by President Makarios, declared a policy of neutrality and became an active participant in the nonalignment movement. This caused open dissatisfaction in NATO circles which, as soon as the Cypriot government began to talk of the need to review the quotas of the two communities in legislative organs, managed in late 1963 to provoke armed conflicts between the Turkish and the Greek Cypriots. The personal representative of the President of the United States and commander of NATO troops in Europe General Lemnitzer arrived in the country and proposed deploying American military contingents on the island to "settle" the intercommunity contradictions. Categorically rejecting this plan, President Makarios emphasized that confrontations could be avoided if the country was not subjected to "pressure from outside." At the request of the republic's government, provisional UN forces to uphold the peace were brought in and are there to this day.

The tragic phase of the Cypriot crisis began in the summer of 1974 when the junta of "black colonels" who ruled in Greece, with the support of imperialist forces, organized a military coup in order to achieve "enosis." This was in full accord with the interests of the NATO strategists who were trying to turn Cyprus into their "unsinkable aircraft carrier" in the Mediterranean by any means possible--dividing the island or annexing it to the Greek state with its at-that-time reactionary regime. The coup provoked a sharp reaction in Turkey, which occupied about 40 percent of the island's territory--its northern part--under the pretext of protecting the Turkish community. Formerly there was no geographic demarcation between the two communities--Greek and Turkish villages coexisted in the same regions and many settlements had a mixed nationality make-up. Tens of thousands of destitute refugees appeared in Cyprus as a result of the events that occurred there.

The United States and NATO used the lack of a settlement to the Cyprus question, the actual partition of the island into two parts, and the existence there of British military bases and foreign troops to systematically destabilize the situation in Cyprus itself and in the Eastern Mediterranean. In the late 1970's and early 1980's the American administration began to attach even greater importance to this region because of the events in Iran and Afghanistan, as well as in the context of the general course it had adopted to increase international tension and its policy of "global confrontation" with the world of socialism and the national liberation movement. NATO considers Cyprus an ideal beachhead for operations in the Near East and control of the Suez Canal and even the Persian Gulf.

In the justifiable view of the newspaper PHILELEPHTEROS, which is close to the government of Cyprus, the Cyprus question hardly exists for the United States--their only concern is the problem of the southeast flank of NATO and strategic dominance in the region. Washington is indifferent to the tragedy of the Cypriot people; it is merely trying to in some way lessen the friction between its NATO partners--Greece and Turkey, for whom the Cyprus question has become a national problem, take away Cyprus's independence, and turn it into its obedient protectorate.

It is interesting that the goals of American policy toward Cyprus were openly formulated back in the late 1960's by associates of the U.S. foreign policy study center at the J. Hopkins Institute--J. Adams and A. Cotrell: to force Cyprus to join NATO, make it a bastion of anticommunism, prevent any deviations of its economy from the capitalist path of development, prevent the removal of British bases on the island, and gain access to it for any NATO country. Even now the United States' aspirations are focused precisely on these goals.

After the 38th Session of the UN General Assembly adopted a resolution on the Cyprus question which required that all occupying troops withdraw from the island and affirmed the Republic of Cyprus's right to complete control and sovereignty over all its territory in May 1983, the Turkish Cypriot side broke off negotiations with the Greek Cypriots. And although the UN Secretary General J. Perez de Cuellar made efforts to restore the dialogue, on 15 November 1983 the leaders of the Turkish community "proclaimed" the independence of the so-called "Turkish Republic of Northern Cyprus," recognized only by Turkey.

The UN Security Council demanded that this unilateral decision be repealed, emphasizing that it was without legal power and only aggravated the situation on the island, and appealed to the world community not to recognize any Cypriot state except the Republic of Cyprus and refrain from any actions which would complicate the situation. At the same time the Security Council instructed J. Perez de Cuellar to continue the "mission of good offices in order to achieve a just and lasting settlement on the island."

The action of the Turkish Cypriot separatists, which according to certain information the American administration knew of beforehand, was formally condemned by this administration. However, Washington's actions demonstrate its direct interest in such a development of events, that is, in the actual partition of Cyprus.

The largest American Air Force base in the Near East region was built in the eastern part of the island in the small town of Lefkoniko near Famagusta in a very short period of time. A NATO naval base is being built in the north, in Kyrenia, and a nuclear missile base for the NATO bloc is to be built in the north, on the Karpas Peninsula. As the general secretary of the Progressive Party of the Working People of Cyprus (AKEL) E. Papaioannou stated on 10 September 1985, the United States is thinking of recognizing the self-styled "Turkish Republic of Northern Cyprus" in order to "legitimize" and perpetuate the existence of its bases there. Reports appeared that the British bases in the southern part of the island which were actively used in 1982 to transfer so-called "multinational forces" to Lebanon might be put at the disposal of the United States because of "financial difficulties."

The matter is not confined to that. The newspaper HARAVGI, the AKEL organ, wrote that the CIA is ensnaring Cyprus in its spy network. Systems for eavesdropping on telephone conversations operate in hotels in the part of Nicosia which is occupied by Turkish troops. A new radio intercept station is being built in the Turkish sector to replace one of the old ones operating in

the northern part of the island. All these stations have a round-the-clock link with Washington.

It is becoming apparent that the United States and the other NATO countries which adhere to their particular "approach" to the Cyprus problem are ready to use any means to prevent the consolidation of an independent, unaligned Cypriot state. In this stage the most acceptable path for them is actual partition of the island, a situation which enables them to put pressure on the separate Cypriot communities and on Greece and Turkey.

In the words of highly placed American diplomats, Washington's public disapproval of certain actions of the Turkish Cypriots can force the Greek government to a certain degree to lessen the "anti-NATO trends" in its politics. On the other hand, by tolerating the separatists the United States got permission from Turkey to use the Indjirlik air base on its territory to support the "multinational forces" in Lebanon and expects these tactics to also work in the future.

The following example attests to Washington's hypocrisy and self-interest. In May 1984 when after an "exchange of ambassadors" between the "Turkish Republic of Northern Cyprus" and Ankara, the UN Security Council was convened at the request of the Cyprus government, President R. Reagan himself intervened in the debate from afar. In a special statement he lavished praise on the American administration's efforts focused on "solving" the Cyprus question and reported the creation in the United States of a 250 million dollar "fund to secure peace in Cyprus," stipulating that specific appropriations would be requested after a "just and equitable settlement" was achieved on the island.

Well, thanks for nothing. Still the newspapers of all the Cypriot political parties supported President Kyprianou, who expressed disappointment at the actions of the occupant of the White House. The motives of these actions were also pointed out: to insure the loyalty of influential Greek circles in the United States for himself in an election year and at the same time to make it easier to push the decisions on increasing military aid to Turkey through Congress.

According to a report by the Turkish newspaper GYUNAYDYN, representatives of the U.S. State Department and the Pentagon tried to "actively work on" the delegations of the two communities of Cyprus which arrived in New York for negotiations under the mediation of the UN Secretary General. American officials, the paper wrote, promised to favor whichever side would agree to approve the creation of U.S. military bases on Cyprus. That is what "a fair and equitable settlement" means in America!

Later several more rounds of intercommunity negotiations were held; to all appearances they were even closer to success but the joint documents remained unsigned. The solution of the question of reuniting the two parts of the island are torpedoed by both the reactionary circles of the Cypriot communities and politics of the NATO countries, above all the United States, regarding Cyprus.

Broad circles of the Cypriot community continue the struggle against the partition of the homeland and for its unity and freedom. One should not think that sensible voices are only heard on the Greek side of the "barricade" (which should not exist at all). In July 1985 the Turkish Cypriot newspaper YENI DYUZEN published an interview with O. Ozgur, the leader of the Republican Turkish Party, which came in second to the Social Democratic Party headed by R. Denktash in "parliamentary elections" in the northern part of the island. O. Ozgur stressed that the United States openly intervenes in the affairs of Cyprus and the Near and Middle East, declaring this region a sphere of its vital interests, and wants to use Cyprus as a beachhead in order to achieve American military supremacy there. He approved the initiatives of J. Perez de Cuellar to settle the Cyprus question and supported solving it within the framework of the UN rather than NATO.

The Soviet proposals of 21 January 1986 which developed and detailed the "brilliantly honest," as the newspaper HARAVGI put it, position of the USSR, which serves as a powerful support for the Cypriot people, were greeted with deep satisfaction on Cyprus and in other Mediterranean lands.

The Soviet Union proceeds from the fact that the Republic of Cyprus must be an independent, territorially integral state and that we must prevent its partition in any form whatsoever, or its partial or complete absorption by any country or countries. Questions of the internal system of the republic should be decided through peaceful negotiations between the Cypriots themselves--the Greeks and the Turks, taking into account the legitimate interests of both communities without any intervention from outside and without any attempts to impose solutions alien to them. The demilitarization of the island, which would be in complete accord with the interests of Cyprus's nonalignment, is an indispensable condition of the settlement. Inequitable treaties and agreements which infringe on its sovereignty and independence should be annulled.

The Cyprus question, the document then says, should be solved within the framework of the UN and on the basis of its resolutions. All actions which lead to aggravating the situation in Cyprus and partitioning the island and which undermine the intercommunity dialogue must be ended.

The Soviet proposals also point out the real way to achieve agreement on the international aspects of the Cyprus problem--convening a representative conference within the UN framework in which the Republic of Cyprus (with representation of both communities), Greece, Turkey, all member-states of the UN Security Council, and, possibly, other countries, particularly nonaligned ones, could take part. The agreement or another document which this conference would be expected to produce could envision the organically interrelated components of the settlement--demilitarization of the island, including the withdrawal of all foreign troops, and elimination of all foreign military bases and objectives as well as a system of effective international guarantees of the independence, sovereignty, unity, and territorial integrity of the Republic of Cyprus and respect by all sides of its status of nonaligned state--guarantees to exclude the possibility of any intervention in the republic's affairs in the future.

The vital importance of these constructive proposals was manifested with particular force when in March-April 1986 the provocative, aggressive actions of the United States against Libya created a direct threat of a military conflict in the Mediterranean region. Of course, the American military uses air fields and bases on Cyprus to expand its "presence" there. The struggle for a truly fair Cyprus settlement is also the struggle to turn the entire Mediterranean into a zone of peace and cooperation.

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THIRD WORLD ISSUES

LESOTHO'S INDEPENDENCE IN FACE OF RSA PRESSURE PRAISED

Moscow AZIYA I AFRIKA SEGODNYA in Russian No 6, Jun 86 pp 33-35

[Article by I. Nikolayevskiy: "Lesotho: Drama in the 'African Switzerland'"]

[Text] Late last year and early this year world news agencies began to report on the situation in Lesotho--a small mountainous kingdom (area--30,300 square kilometers, population--1.5 million people) surrounded by the territory of the Republic of South Africa--increasingly often, sometimes several times a day. The racist regime blockaded it under the pretext that supposedly arms were being transferred and supplied to the soldiers of the militarized wing of the ANC (African National Congress)--"Umkonto ve sizve"--from there. Major difficulties arose in the country, whose economy in many respects depends on the South African economy: there was a shortage of foodstuffs, fuel, and medicine. The crisis was resolved on 20 January when the government of Leabua Jonathan was overthrown and representatives of the semimilitary forces (called the army of Lesotho) headed by their commander Major General J. Lekhanya came to power.

But what led to such dramatic events in the quiet, peaceful country which tourist brochures call the "African Switzerland"?

The weather is sunny 300 days a year here. After skiing down the snow-covered slopes to the foothills covered with evergreen vegetation, one can rent a horse and ride to sparkling waterfalls on surprisingly clean rivers where trout are found in abundance. On the roads, even in the capital Maseru, one finds riders in colorful wool or--sign of the times--synthetic capes, similar to blankets, and cone-shaped straw hats--"mokorotel"--the traditional clothing of the Basotho people.

As historians believe, this people migrated here from Central Africa back in the 15th century, escaping into the high mountains from warlike neighbors. In the early 19th century, facing the threat of invasion of white colonizers, one of the leaders, the young and energetic Moshoeshe united his fellow-tribesmen and was proclaimed king.

In 1836 the "great trek" began--the mass exodus of the Boers to the north under pressure of British expansion in the south. At that time the English had already passed around the mountains of Lesotho and ruled in Transkei. Moshoeshe I had a choice: either Boer or British colonization. He chose the lesser of the two evils and appealed to England for "protection" for his kingdom, only a small part of which was left. In 1868 Lesotho was declared a protectorate of Great Britain and renamed Basotholand.

The "protection" lasted a little less than 100 years. The country of the Basotho gained political sovereignty and its former name only in October 1966 and became a constitutional monarchy headed by the king Moshoeshe II. But since it was an enclave within the Republic of South Africa [RSA] with no access to the sea and virtually no industry, Lesotho depended entirely on its unfriendly neighbor. It was only in 1979 that the kingdom was provided with a national monetary unit--the maloti, but even now the South African rand circulates alongside it. The Pretoria authorities had no doubt that the young state would obediently follow the lead of their policies, like some kind of Bantustan.

But the leaders of Lesotho declared independence and began to carry out a program focused on gradually overcoming the country's dependence on the RSA.

Agriculture is the basis of the kingdom's economy; about 90 percent of the able-bodied population work in agriculture, with the exception of almost 60 percent of the men between the ages of 20 and 44 who are recruited for the South African mines. In this way, primarily women work in the countryside. The rather rare sections of fertile land are farmed inefficiently because of the shortage of equipment and the lack of irrigation. Traditional customs are also a problem. The Basotho believe, for example, that the land must not be touched until the snow comes down from the mountains and they miss the best planting times. As a result, agriculture provides very little commodity output and the country is forced to import food from the RSA, spending millions of dollars to buy it. Traditions also impede the development of animal husbandry; livestock are not a source of income but rather a symbol of the wealth, well-being, and prestige of their owner. Nonetheless, Lesotho is a world leader in the production of mohair, the wool of angora goats, which is exported in processed and raw form.

The active recruitment of investments of Western firms and international agencies to give aid to the developing countries made it possible to create several sectors of industry--the diamond and gold mining industries, the food industry, and light industry. Lesotho joined a regional association--the Conference to Coordinate the Development of the Countries of South Africa. Air shipping and commercial air transport and tourism were put under the state's control and a state bank has been established.

Cooperatives, including machine-tractor cooperatives, have appeared in the countryside, a program to provide rural inhabitants with potable water was carried out, a cooperative college was opened, and in 1984 the first graduation at the university's department of agriculture was held.

In the social sphere the authorities have devoted a great deal of attention to health care and education. A mass vaccination of the population, primarily children, was carried out and new clinics and medical stations were built. While on the average one doctor served 23,500 people in 1960, the figure is now 18,000. The training of national cadres has been expanded and students have even been sent to the Soviet Union for studies. The university, which was founded in the city of Roma back before independence was declared, has opened new departments. Incidentally, Lesotho stands out among the African countries for its relatively high level of literacy--70 percent of its inhabitants know how to read and write. In 1975 a large-scale program of cooperative residential construction began in Maseru and then in other cities.

The design of a large hydroelectric complex on the Malimbatsso River, in the northern part of the country, is being worked out. Its realization would enable Lesotho to sharply reduce the import of electricity from the RSA, improve irrigation, and even... sell part of the water, called "white gold" here, to South Africa. The point is that, according to specialists' estimates, by 1994 the consumption of water for industrial needs in the Vaal River basin will reach the maximum tolerable amount and become a limited resource.

All the measures named have yielded their fruits, but the mountainous country's economic life is still determined by its neighbor to a substantial degree. One rarely sees goods with the label "Made in Lesotho" in the capital's stores and supplies of petroleum products are entirely in the hands of the South African branches of the major Western corporations--along the roads gasoline pumps with the emblems of "British Petroleum," "Shell," and "CalTex" flash by. All imports come by transit across RSA territory.

Despite this, the Maseru government has carried out an independent foreign policy course. From the platforms of the UN and the Organization of African Unity and at forums of the nonalignment movement, Lesotho delegates have actively supported the struggle of the peoples of South Africa and Namibia and condemned the apartheid regime. The country has offered refuge to the victims of racist repression. People in Lesotho understand very well that hopes for a better future are directly related to the success of the liberation movement in the southern part of Africa and to the elimination of the apartheid system. In 1980, despite the strong pressure of Pretoria and its Western allies, Lesotho established diplomatic relations with the USSR and a Soviet embassy was soon opened in Maseru.

This position could not fail to arouse the rage of the racists. Armed provocations on the borders of Lesotho and air attacks on defenseless villages and settlements began under the standard pretext of "operations against ANC terrorists." In order to destabilize the situation, saboteurs from the so-called "Lesotho Liberation Army," put together by RSA special services in the image of the UNITA [National Union for the Total Independence of Angola] and MNS [expansion unknown] gangs operating in Angola and Mozambique, were sent into the country.

At the same time Pretoria tried by every means to ruin the Lesotho government's efforts to strengthen the country's defense capability: it

pressured firms and states which had agreed to sell the kingdom weapons and military goods and prevented their transit across its territory. The P. Botha regime threatened to expel 140,000 Lesotho miners, which would have been an appreciable blow to their country on the economic level: the miners' money orders to their families who remain in the homeland provide up to half the foreign currency revenue in the national budget.

Lesotho did not falter. Moreover, the government took more steps to develop relations with the socialist states, whom the Basotho people see as their natural allies in the struggle against the racists. In the summer of 1985 a delegation of Lesotho young people took part in the Moscow Festival and in December a representative delegation headed by the minister of foreign affairs visited the Soviet Union. A number of agreements, among them one on economic cooperation, were signed during the visit.

This the racist regime could not forgive and in late 1985 it set up a blockade of the country. It must be said that this was not the first time the RSA resorted to such sanctions, but this time they were more severe than ever before. Because of the difficulties which arose in supplying the population with essential goods, Prime Minister L. Jonathan appealed to the United States and Great Britain to organize an "air bridge" to transfer food and medicines to Lesotho. The response to him was evasive statements. In particular, the Secretary of State for Foreign and Commonwealth Affairs, L. Chocker, speaking in parliament, said that the British government "takes a very serious attitude toward this issue" and "will communicate to the RSA its concern." The matter went no further.

At his last press conference L. Jonathan reported to journalists that he intended to ask for help from the socialist countries if he did not receive a positive response from the United States and Britain soon. His cabinet was deposed literally 24 hours later.

It is interesting to note that several days before this a delegation of highly placed Lesotho military men visited the RSA supposedly for negotiations to remove the blockade. Obviously, a plan to overthrow the recalcitrant government was also finalized there, but the prime minister's press conference forced Pretoria to speed things up. The fact that the RSA special services were behind the coup is beyond any doubt. Virtually all the African countries accused the racist regime of being involved in it. For example, the Zimbabwean newspaper HERALD wrote directly that the coup was the work of the hands of South African intelligence, while the Mozambican NOTICIAS compared the RSA's actions toward Lesotho with the CIA action against Grenada in 1983--an aggression whose goal was to eliminate a government unsuitable to the imperialists. In the newspaper's opinion, Pretoria gave other independent states of the region to understand that the coup in Lesotho was a warning to them.

But in the first statement concerning the change in power in the kingdom, the minister of foreign affairs, R. Botha, said that "we will regard the lessening of tension with regard to Lesotho with satisfaction." Soon after this the blockade was lifted.

The military council headed by General Lekhanya, although it also refused to return the South African refugees, expelled them to other countries and announced that relations with the RSA would be built "on the foundation of peaceful coexistence and good-neighborliness."

The economic blockade of Lesotho and the coup that followed it--the first one in this region since practically all of Africa became independent--shows that the RSA racists have not confined themselves to brutal repressions against the oppressed population of their own country and are ready to use any means to force neighboring states to obey. Neither the United States nor the other Western allies of the RSA tried in this case and obviously do not intend in the future to restrain Pretoria, which would like to bring more obliging governments to power in the "frontline" countries using brute pressure, inasmuch as this is in complete accord with the American concept of "neoglobalism."

The only path to peace, cooperation, and progress in the southern part of Africa is complete annihilation of the inhuman, criminal system of apartheid. This is what the South African and Namibian patriots, with whom all honorable people on Earth are in solidarity, are fighting for.

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## THIRD WORLD ISSUES

## BOOK ON FOOD PROBLEM IN SOUTHEAST ASIA REVIEWED

Moscow AZIYA I AFRIKA SEGODNYA in Russian No 6, Jun 86 pp 64

[Review by M. Morozova of book "Ekonomicheskiye i sotsialnyye aspekty prodovolstvennoy problemy v sovremennoy Yuzhnoy Azii" [Economic and Social Aspects of the Food Problem in Contemporary South Asia] by A.Ye. Sizov, Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka", Moscow, 1985, number of copies not given, 184 pages]

[Text] Despite some progress in agriculture which in the 1970's led to increased production of foodstuffs in the liberated states (the result of the "green revolution"), a significant part of the rapidly increasing population in these countries is still experiencing chronic malnutrition and hunger. The food problem in the developing countries, one of the most important themes of Orientalist research, undoubtedly demands a comprehensive approach when the factors which created it are analyzed and when the possible prospects for solving it are evaluated.

This is in fact the path that the author of the monograph being reviewed has taken: relying on a wealth of factual material (both national statistical data--especially on India--and economic surveys of various international organizations), A. Sizov acquaints the readers with the economic and social aspects of the contemporary food problem in the countries of South Asia.

The selection of three South Asian states--India, Pakistan, and Bangladesh--as the subject of research is fully justified, since many trends common to the developing world, in addition to the specifics of their historical development, are characteristic of the countries of this region.

The procedure for analyzing the contemporary food problem in South Asia is interesting: first the general patterns of the historical development of these countries related to their colonial past are shown; then the dynamics of the development of the material-technical base of agricultural production in the years of independence are presented.

A. Sizov's work is distinguished by a comprehensive approach when studying the genesis, dynamics, and prospects of the "green revolution" in South Asia: the link between the economic base and the social aspects of technical-economic modernization and the interdependence of traditional forms of agrarian

relations with the formation of modern intensive farming oriented to the capitalist market are shown; the internal and external factors which determine the present bad food situation in the South Asian states are examined (also in close interdependence). In evaluating the results of the "green revolution" and the possible prospects of technical-economic modernization, the author singles out both the positive advances in the development of grain growing and the factors which act as a brake on the path of progress as well as the negative socioeconomic consequences of the capitalist evolution of the agrarian sector.

As for the prospects of continued growth in production of foodstuffs in the developing countries, as A. Sizov justifiably notes, it depends not so much on a solution to technical-economic questions as on structural transformations of the agrarian sector.

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## WESTERN EUROPE

### USSR-FRG: ECONOMIC COOPERATION DETAILED

Moscow FOREIGN TRADE in English No 8, Aug 86 pp 21-23

[Article by Yevgeni Golygin and Vasili Chistov: "On Economic Relations Between the USSR and the FRG"]

#### [Text]

The Moscow Treaty between the USSR and the FRG signed in 1970 formed the starting point for the dynamic development of their trade and economic relations. The strengthening of the treaty and legal basis of economic relations followed, and gradually a system of agreements regulating economic relations between the two countries was built up. These include, first of all, the economic agreements of May 19, 1973, of October 30, 1974 (their validity has been extended for another decade), the Agreement on the Development and Deepening of Long-Term Cooperation in the Field of Economy and Industry of May 6, 1978, and the long-term programmes for economic cooperation of 1974 and 1980. In 1972 the Intergovernmental USSR-FRG Commission on Economic, Scientific and Technical Cooperation started its work, which, as is pointed out in documents jointly adopted by both countries, made an essential contribution to imparting a dynamic and long-term character to the economic relations.

During the fifteen years mutual trade increased more than ten times. In the last three years it exceeded 7,000 million rubles a year.

In the early 1970s economic relations between the two countries were, generally speaking, limited to a rather narrow trade exchange. At present products of many industries are involved as a large number of firms (including medium- and small-size) and organizations of both countries are participants in it. New forms of cooperation were brought into play, such as complete deliveries of plant and factory equipment, cooperation agreements, mutual trade in licences, cooperation in the supply of machinery and equipment for the construction of industrial projects in third countries and others. There are more than 30 representative offices of the FRG firms and banks



operating in Moscow, and 16 joint-stock companies with Soviet participation operating in the FRG.

Within the framework of the USSR-FRG Commission on Economic, Scientific and Technical Cooperation 20 expert groups work on a regular basis, meetings between experts in various fields of the economy and on individual problems take place. Exhibitions are held in the USSR and the FRG, as well as various symposia and seminars of representatives of business and scientific circles which contribute to mutual familiarization of the two countries' export and import possibilities.

The onward and dynamic development of Soviet-West German economic relations was brought about by detente in Europe in the 1970s. When political and economic relations advance in one and the same constructive direction, they exert a favourable influence on the entire complex of interstate relations and economic exchanges, assure room for their development. And vice versa, the inconsistent policy of the FRG, especially in the early 1980s, with respect to the socialist countries, manifestations of "solidarity" with the course pursued by US ruling circles at intensifying the arms race, at the destruction of detente in Europe, at destabilizing relations with the USSR and other socialist countries and even attempts to "punish" some of them, to disrupt the established mechanism of cooperation between East and West, inevitably told on and continue to tell on economic relationships, and hinder their further development.

Experience showed that thanks to the intensive development of economic relations both sides obtained certain benefits.

Since 1973 the FRG has been importing Soviet natural gas. By this year the supplies of gas exceeded 100,000 million cubic metres and they will continue in accordance with agreements till the end of the century and beyond. Supplied to the FRG are oil and petroleum products, chemicals, sawn timber and wood products, cotton, furs and other goods. The range of machinery, equipment and engineering goods supplied to the FRG has expanded, but their volume is still not large. Moreover, the FRG share in the overall Soviet exports of machinery and equipment to the capitalist countries showed a downward trend, which can be explained by insufficiently favourable conditions in the West German market.

West German companies are completing the supply of equipment for the Oskol electro-metallurgical integrated plant in the Belgorod region, for the Sayany aluminium plant in East Siberia now under construction. Deliveries from the FRG of equipment for the Volga car plant and KamAZ truck factory were significant. Considerable amounts of large-diameter pipes (more than 10 million tons), gas-compressor stations, machinery and equipment for the construction of gas pipelines have also been delivered.

A number of chemical plants in the USSR use West German equipment. These are plants for the production of polyethylene

in Kazan and Severodonetsk, plastics factory in Budennovsk, polyvinylchloride production plant in Zima, integrated plant for the production of polyester chemical fibre, thread and the raw material for them in Mogilev, etc. Thanks to economic cooperation deliveries of chemicals have increased. In 1975 Soviet deliveries of these goods to the FRG were less than 20 million rubles, in 1985 they amounted to 140 million rubles. In the same period deliveries of chemicals from the FRG to the USSR increased from 72 million rubles to 240 million rubles.

In connection with the above one should note the groundlessness of the allegations of certain press media in the FRG to the effect that Soviet organizations in recent years have reduced the purchases of equipment from the FRG. In reality supplies showed an upward trend reaching in some years 1,700 million rubles. To maintain the volume of machinery and equipment deliveries to the Soviet Union at this level is no simple task for the FRG firms because of the sharpening competitive struggle and certain restrictions existing in the FRG, just as in other Western countries, on trade with the socialist states.

Positive influence on the development of trade and economic cooperation is being exerted by scientific and technical relations between the Soviet Union and the FRG on the basis of agreements between ministries and agencies of the USSR and organizations and firms of the FRG. Thus, for example, on the basis of the Agreement between the USSR Academy of Sciences and the German Research Society, concluded in 1970, cooperation is being carried out in fundamental and applied sciences. Under this Agreement joint research is conducted, exchange of scientists for lecturing and scientific work takes place, seminars are organized, and business contacts between institutes and scientists maintained.

Scientific and technical cooperation between the two countries led to the development of industrial cooperation. About two dozen cooperative agreements between organizations and firms of the USSR and the FRG are being successfully implemented, in particular, in machine-tool building, machine-building for the light industry, in construction.

At the same time, one cannot but note the recent impairment of terms of trade and economic relations with the FRG in general. The artificial "worsening of business climate" in the FRG, on the one hand, forces some West German firms to abstain from the further expansion of trade relations, first of all, it restricts the development of new, progressive forms of ties, and breeds mistrust in the possibilities of cooperation with such firms.

One can refer here to the so-called COCOM lists. In the 1970s under these lists it was prohibited to export armaments to socialist countries. Those lists virtually had no practical application since the sides never traded in weapons. Striving to destroy the process of detente in Europe, to sharpen the

international situation, the USA started to actively revise COCOM lists and expand them to cover items which can have "dual application", that is, be used for both civil and military sectors of the economy. In the 1980s the US administration set itself the task to block the road altogether to sales to the USSR and other socialist countries of advanced equipment, products, and technology. (The press said that the US "proposals" on the lists amounted to 700 pages).

Moreover, US officials insist that the countries of Western Europe should orient themselves to the US export act of June 1985, containing a clause on US right to extraterritoriality (in particular, under this clause US subsidiary firms in Western Europe have to obey the *diktat* of the US administration). For the same purpose one more prohibitive organization is being established under the pressure from Washington, the Security Experts Conference, informally connected with the COCOM.

What is the attitude in the FRG to this "economic offensive" of the USA? If one were to speak not of business circles (interested in trade and not liking this offensive), but of official circles, it is rather two-way.

On the one hand, one can note statements about "solidarity in principle", following the COCOM lists, consent to their more frequent revision and further toughening. FRG firms were clearly concerned over the news that the so-called "partnership risks" are not going to be insured by the Hermes company (which issues guarantees on behalf of the government), and the exporting company will itself have to gain information from the USA of the possibilities to export goods containing American components.

On the other hand, one cannot but also see opposition in the FRG to such an offensive, growing understanding of the fact that the far-reaching intentions advanced "step-by-step" by the USA, if not countered, can spoil their economic relations with the socialist countries, and indeed, they have already damaged the transfer of technology and economic ties among countries.

In this respect rather illustrative is an acute debate that took place in Washington late last year at the conference of US and FRG governmental officials, businessmen and scientists on the topic, "Transfer of technology and its connection with national security, Western cooperation and international competition." The tough position of the Pentagon's representatives and other US agencies contrasted sharply with the statements of official and unofficial representatives from the FRG.<sup>1</sup> Thus, the Director of the Foreign Policy Department of the FRG Ministry of Economics insisted on amendments to the COCOM lists that would limit their indirect negative effects, he criticized the US extraterritorial right clause by stressing that the FRG cannot agree with the activities of US agencies in the West German territory taken at their discretion. Other FRG participants stressed, in particular, that the US position made "long-term planning" of

economic relations more difficult, and they criticized many aspects of this position.

It should be noted, in addition, that in the FRG, just like in other Common Market countries, a system of discriminatory measures, hampering trade with the Soviet Union, is operating. In particular, quantitative restrictions on importation of goods from the USSR into the FRG apply to several hundred items on the FRG import list, although the importation of similar goods into the FRG from the Western countries has been almost completely liberalized. One should also note the application of a special procedure for pricing goods from the USSR and other socialist countries, the imposition of high customs duties on Soviet goods, mainly manufactured products.

The Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period Ending in 2000 adopted at the 27th Party Congress provide for further development of economic and scientific and technical relations with the interested capitalist countries on a mutually beneficial and equitable basis.

The willingness of the Soviet Union to develop economic ties with the FRG was confirmed at the 14th session of the USSR-FRG Commission on Economic, Scientific and Technical Cooperation which was held in Moscow in April 1986.

The session noted that the economic agreements in force between the two countries were being fulfilled. Possibilities were analysed of expanding and deepening cooperation in various fields of machine-building. Questions were discussed and practical ways charted for cooperation in the field of ferrous and non-ferrous metallurgy, as well as the production of consumer goods.

The Commission also considered the state of and prospects for cooperation in science and technology. It was noted that in this field there were unutilized possibilities which could serve as a basis for the further development of economic cooperation and exert a positive influence on diversifying the mutual trade.

Executives of a number of FRG firms and banks who took part in the work of the Commission showed great interest in the decisions of the 27th CPSU Congress on the economic development of the USSR in the 12th five-year period and up to the year 2000, including foreign economic relations, and expressed interest in helping the realization of a number of projects.

Receiving M. Bangemann, Federal Minister of Economics, leader of the FRG delegation, N.I. Ryzhkov, Chairman of the Council of Ministers of the USSR, stressed the readiness of the Soviet Union to cooperate with the FRG in various fields. At the same time he drew attention to the fact that the FRG government, by signing secret agreements on the participation of West German firms and institutions in the US SDI programme, had virtually embarked on a road involving the industrial, scientific and technical potential of the country into the implementation of dangerous US plans to militarize outer space.

This, just like the participation of the FRG in the disorganizing actions of NATO bodies in the field of trade with the East, cannot but aggravate relations between the FRG and the USSR.

Of decisive importance for the future development of relations between the USSR and the FRG, as N.I. Ryzhkov emphasized during the meeting, is reaching a mutual understanding on security matters that have been and still are important for the world situation as a whole and in Europe particularly.<sup>2</sup>

As was noted at the 27th CPSU Congress, the Soviet Union will build its relations with capitalist countries only on the basis of equal rights, confidence, strict observance of mutual agreements. This is also a reliable foundation for the development of trade and economic, scientific and technical cooperation with the FRG.

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<sup>1</sup> See *Handelsblatt*, November 25, 1985.

<sup>2</sup> *Pravda*, April 9, 1986.

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WESTERN EUROPE

USSR-AUSTRIA: COOPERATION IN POWER ENGINEERING

Moscow FOREIGN TRADE in English No 8, Aug 86 pp 29-30

[Article by Anatoli Podkopayev: "USSR-Austria: Cooperation in Power Engineering"]

[Text]

Trade and economic ties between the Soviet Union and Austria are progressing dynamically. Over the last five years the two countries' trade turnover has doubled (to exceed 7,000 million rubles) as against the previous quinquennium. In 1985 it amounted to 1,600 million rubles. New forms of economic relations such as industrial cooperation, joint construction of projects, exchange of patents and know-how have been developed.

Last April Vienna saw the signing of the Measures taken by the Joint Soviet-Austrian Commission for 1986-1988 on realizing the Long-Term Programme of Cooperation of January 19, 1981, which was prolonged up to December 31, 1995 in October 1985. These Measures will orientate our countries' interested organizations and firms on achieving an outstripping development of new, more effective forms of trade, economic and industrial cooperation, first of all in such fields as specialization and cooperation in production (only first steps have been made so far), joint development (research and design) and cooperation in modernizing, designing and constructing projects, including those on a compensation basis. The Measures include over 50 specific aspects of industrial cooperation in the machine-building and other industries, including the fuel and power engineering sectors. Twenty-two Soviet sectoral ministries and departments and foreign trade associations and 64 Austrian firms will participate in the realization of the planned cooperation projects.

Cooperation in fuel and power engineering has an important place in Soviet-Austrian trade and economic ties.

Austria was the first West European country to conclude a long-term agreement on natural gas deliveries with the Soviet Union.

The following fact is indicative: this first agreement was signed in June 1968 and three months later, in September 1968, regular deliveries of Soviet gas to

Austria began. After this, other agreements followed which were concluded in 1974, 1975 and 1982. The period of validity of the latter goes beyond the end of the 20th century. Now Austria is a junction and distributing point in the international gas pipeline system. From there Soviet gas is delivered to Italy and France.

At present the Soviet Union is the second large natural gas exporter to Western Europe. Since July 1984 Austrian users have been receiving additional quantities of gas along the new Urengoi-Pomary-Uzhgorod gas pipeline, put into operation ahead of schedule. Austrian firms participated in the construction of this unique project by supplying equipment and materials. The world's largest export gas pipeline Urengoi-Uzhgorod (length 4,500 km) is successfully operating.

Today we speak about Soviet natural gas deliveries to Austria and other West European countries as of something habitual and natural but this achievement is better understood from the following comparison. In 1968 our country delivered 142 million cu.m of gas to Austria, last year (1985) this quantity was almost 30 times greater.

In fact Austria's total natural gas import is from the USSR, Austria's own gas extraction output constitutes on average 1,300 million cu.m per year which cover only one-fifth of the country's demands for this type of fuel and raw material widely used in industry, chemistry, at electric power stations and for domestic needs.

Its requirements for other energy carriers (solid fuel, oil and petroleum products, liquefied gas) Austria also to a great extent satisfies by importing them from the Soviet Union. Thus, in 1985 the share of the USSR in Austria's import of liquefied gas constituted 75 per cent and that of anthracite—62 per cent. In 1981-1985 the oil and petroleum product deliveries to Austria increased 1.5 times against those in the previous five-year plan period.

A new stage in the development of Soviet-Austrian cooperation in power engineering began with the signing of a contract on the mutual non-currency exchange of electric energy during 20 years beginning from January 1985.

The provisions of this contract envisage the USSR's deliveries of 472.3 million kWh of electric power, mainly at night during the autumn and winter period to

Austria and from Austria 590.4 million kWh in the summer period (the "peak" daytime period) to the USSR.

In this case the cooperation is based on the differences in the Soviet and Austrian electric energy production structures. In the USSR thermal and atomic power stations form the foundation of the power engineering potential while in Austria almost 70 per cent of total electric energy is generated at hydro-electric and hydraulic accumulating stations. As is well known the possibility of using hydro-resources bears a seasonal character in Austria.

In the two sides' opinion the exchange of electric power to the agreed scheme is very profitable and has a number of advantages, the most important of which are: higher reliability and effectiveness of power supply and use of the existing power potential; improved power systems' operation thanks to the power exchange; the possibility of mutual assistance in case of a failure or damage to other countries' power systems.

According to the two countries these power mutual deliveries (in 1985 they topped 1,000 million kWh) are only the beginning of the Soviet-Austrian ties in the power supply sphere. Both sides evinced interest and the desire to expand and deepen cooperation in this area. The technical questions of increasing the electric energy exchange, including mutual deliveries through Hungary's power supply system, are under study. The possibility of supplying Soviet electric energy to other West European countries through Austria's power system is being discussed.

The working group on power engineering set up within the Joint Soviet-Austrian Commission for Economic, Scientific and Technical Cooperation in 1982 plays an important role in expanding USSR-Austria ties in power engineering. It places main accent on solving such pressing problems as the further increase of electric energy exchange, creation of prerequisites for establishing production cooperation between Soviet organizations and Austrian firms on the basis of specialization and cooperation, the practical use of the sides' possibilities for the joint realization of power engineering projects in the USSR, Austria and third countries and for raising the effectiveness and profitability of scientific and technical cooperation.

Lately the exchange of "know-how" in the sphere of power project construction and power system oper-



ation, particularly on the construction of the Alpine electric power lines, tunnels, and also in environmental protection, the rational use and saving of fuel and electric energy, on effective utilization of secondary resources and erection, reconstruction and modernization of small and medium electric power stations has increased significantly.

The following factors clearly point to the USSR-Austria's good prospects and mutually beneficial cooperation in the power engineering sphere:

Austria to a great extent depends on the energy raw material import which, according to specialists, by the end of the 1980s will cover 80 per cent of the country's total demands for energy (72-75 per cent in the second half of the 1970s);

Austria's geographical position is of great importance for a wide East-West electric energy exchange, that is why the Soviet and Austrian efforts can greatly contribute to the development of the European energy policy;

the increased Soviet natural gas deliveries to Austria since 1984 and the expanded electric energy exchange, as one of the promising trends of Soviet-Austrian business cooperation in power engineering, have a significant impact on the development and deepening of the two countries' trade and economic relations including new non-traditional forms of cooperation. In the two sides' opinion the mutual electric energy exchange is a good prerequisite for wider interchanges between the East-West power systems;

contracts on the delivery of Soviet natural gas to Austria are favourable for developing currency-credit relations, particularly, making it possible for Austria to grant credits for financing the export of goods and services of interest to the USSR.

Specific tasks concerning further improvement of the forms and methods of industrial, scientific and technical ties, the revealing and elaboration of new promising and mutually beneficial cooperation subjects in power engineering such as the exchange of "know-how" for automating the power engineering industry, the design, construction and operation of municipal heating supply systems and saving of basic power resources as outlined by the working group for power engineering promote the deepening and expansion of Soviet-Austrian cooperation in this sphere.

The Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period

Ending in 2000 set a task of increasing the manufacturing industries' share in the USSR's export.

Today, expansion of the export of Soviet machinery and equipment including that of power engineering and other products having a high degree of processing to Austria would improve the structure and facilitate the growth of mutual trade. More active work by the two sides on the development of production cooperation also through the joint designing of advanced equipment and technologies and expanding the delivery of Soviet components and sub-assemblies as completing units to machinery and equipment purchased from Austria would be helpful.

The ever-growing contacts between Soviet organizations and Austrian firms in the power engineering and other economic spheres convincingly confirm that business cooperation between states having different social systems is mutually beneficial and has for many years been a weighty contribution to maintaining and strengthening positive tendencies on the European continent.

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EASTERN EUROPE

SUMMARY OF CSSR ECONOMY: 1981-1985

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 6, Jun 86 pp 39-43

[Article by Vladimir Michka, chairman of the CSSR Federal Statistical Administration: "CSSR Economy: 1981-1985"]

[Text] When characterizing the results of the socioeconomic development of the CSSR during the past 5 years the 17th CPC Congress held in March of this year stated: We have gone through an important stage in the construction of a developed socialist society. In spite of the existing difficulties and shortcomings the Czechoslovakian people have done everything possible to reach the main goal set by the party: to maintain and raise the standard of living of the people.

Implementing the long-term general policy earmarked 15 years ago by the 15th CPC Congress, it is emphasized in the political report presented by General Secretary of the CPC Central Committee Gustav Husak, Socialist Czechoslovakia has achieved great heights in all spheres of social, economic, and cultural life.

Having objectively evaluated the past period, which was filled with fruitful, creative and constructive labor, the congress also pointed out factors which impeded progress. At the end of the 1970's and the beginning of the 1980's there was a sharp deterioration of the international situation. The majority of imperialist states strengthened their policy of discrimination with respect to the world of socialism. Deep changes took place in the world economy which had a negative influence on our internal development. At the same time our country also exhibited inflexibility and inconsistency in the utilization of factors of intensification and there were low rates of introduction of the achievements of scientific and technical progress.

As a result, during the first 2 years of the 7th Five-Year Plan the rates of economic development slowed up. The CPC Central Committee, having analyzed the situation, did not falter in the face of difficulties and mobilized the party, all communists working in the trade union movement, and all organizations of the national front and state and economic agencies as well as the broad masses of workers for a decisive disclosure and utilization of reserves and consistent fulfillment of the tasks. Certain extraordinary

measures were taken in order to provide for an internal and external economic balance and create the necessary prerequisites for restoring the dynamics of the growth of the national income. Additionally, certain changes were made in the plan, measures in the area of capital investments and imports were made stricter, and a restructuring of production and consumption was started, including price regulation.

Life has confirmed the correctness of the decisions that were made. As a result, as early as 1983 we managed to restore the dynamics of the national economic development and on the whole to fulfill the tasks set by the 16th CPC Congress. Gradually, in keeping with the course toward intensification, the effectiveness of the economy and public labor productivity increased, as a result of which in 1981-1985 we have managed to provide for 80 percent of the increase in the national income.

The volume of produced national income increased by 11.5 percent under the 7th Five-Year Plan, and in 1983-1985 the average annual rates of its increase amounted to 3.3 percent. The productivity of public labor had increased by more than 9 percent in 1985 as compared to 1980. The volume of industrial output increased during this same period by 14.8 percent, and the average annual volume of agricultural output under the 7th Five-Year Plan increased by 9.7 percent as compared to the 6th. The expenditure of fuel and energy resources per unit of national income decreased at more rapid rates than was intended: during 1981-1985 it dropped annually by 1.7 percent, which exceeded the planned indicator by a factor of 2.

The June (1983) Plenum of the CPC Central Committee was very significant in introducing the achievements of scientific and technical progress. The decisions adopted at it were directed toward implementing the unified state national economic policy, fulfilling state target programs, increasing the effectiveness of the activity of scientific research organizations, developing the initiative of the workers, and also further deepening economic integration and scientific and technical cooperation with all CEMA countries, and above all with the USSR.

The volume of industrial output produced on the basis of the assignments of the plan for technical development reached almost one-fifth of the overall volume. The value of items with a high technical and economic level in 1985 comprised almost one-third of the overall value of new kinds of products. As compared to 1980 their proportion increased by more than one-third. In spite of all these positive results the degree of introduction of the achievements of science and technology still does not correspond either to our country's capabilities or to the needs of a highly developed national economy.

This shows that the increase in the productivity of public labor was inadequate and the rates of increase in the return from production capital and the sale of Czechoslovakian products on the foreign and domestic markets were slow.

An important role in increasing the effectiveness of economic development was played by the implementation of progressive structural changes, first and foremost in industry which accounts for three-fifths of the creation of the

national income. The volume of industrial output increased by an average of 2.8 percent per year during 1981-1985. A typical feature of the structural changes in Czechoslovakian industry was the gradual reduction of the proportion of raw material and energy branches and the increased proportion of processing branches.

During the past 5 years machine building has developed at the most rapid rates, especially the production of electronic items, and also certain branches of the chemical industry and branches that process domestic raw material. At the same time there was a reduction of the share from metallurgy, the construction materials industry and the fuel extraction industry. Along with these basic tendencies there was also differentiated development of individual subbranches.

Significant transformations directed toward reducing the utilization of energy coals and improving the condition of the environment were linked to the construction of atomic electric power stations. The AES accounted for 14.6 percent of the overall volume of production of electric energy in the CSSR during 1985.

The complex of measures for intensification of the national economy contributed to reducing the overall expenditures of fuel, energy, and raw material. In 1985 as compared to 1980 there was a reduction in the volume of consumption of petroleum, rock coal, iron ore, rolled metal, natural metal, wool, cement, nonferrous metals and certain kinds of other raw materials. The proportion of material expenditures decreased by an average of 1.2 percent per year.

The strategic task of agriculture was to make sure that products from crop growing increased more rapidly than animal husbandry. On the whole during 1981-1985 the CSSR produced 54.5 million tons of grain products, which was 4.2 million tons more than during the preceding 5 years and more than was envisioned by the five-year plan. The productivity of grain crops increased by an average of 12 percent.

While on the whole agricultural production increased during the five-year plan the rates of increase in the volume of crop-growing products accelerated almost twice as rapidly as the rates of increase in animal husbandry products.

The application of intensive technologies in agriculture, the more efficient utilization of forage feeds and the increased productivity of the animals made it possible not only to overfulfill the planned assignments in the production and procurements of animal husbandry products, but also to significantly reduce the volume of imports of grain crops. On this basis there was also an increase in the volume of the food industry. The construction of meat combines, poultry farms and dairies made it possible to increase the production of products, to enrich the assortment and to improve the supply of foodstuffs for the market.

A number of production and nonproduction capacities went into operation under the 7th Five-Year Plan. On the whole the five-year plan for capital construction was fulfilled, but we did not manage to provide for an increase

in labor productivity in this area. Construction work was oriented mainly toward reconstruction and modernization. During the 5 years we constructed almost 490,000 new apartments, as a result of which living conditions were improved for almost 10 percent of the entire population of the CSSR.

During 1981-1985 the volume of private consumption increased by 5 percent. The average monthly wages of workers employed in the national economy increased by 10.4 percent and amounted to 2,973 krone. Public consumption increased by 28.6 percent; it increased more rapidly than was envisioned according to the plan. Moreover the increases achieved as a result of increasing the money allotted for the improvement of social security and for the development of the public health and education system.

Improvement of the system of education, of all of its levels and of all types of training institutions created prerequisites for improving the preparation of youth for future professional activity. In 1985 92 percent of the children attended kindergartens.

The situation in the area of public health also improved. The number of beds in therapy institutions increased by 2.7 percent, and the number of physicians --by 12.8 percent. In 1985 there were 280 people per one doctor in the CSSR.

The continuous increase in the amount of money allotted from the public consumption funds made it possible to maintain the standard of living of pensioners and families with young children. The situation on the domestic market was improved in the area of supply both of food products and of industrial goods. There was a great demand for household refrigerators, color television sets, automatic washing machines, bicycles, sewing machines and other durable goods. For every 100 families in 1985 there were 105 washing machines and centrifuge ringers, 115 refrigerators, 200 radios, 125 television sets and 49 motor vehicles.

The situation also improved in the offering of municipal services. But the volume of these services still does not meet the growing demand and needs of the population.

In the area of environmental protection, special attention was devoted to regions with increased concentrations of industrial production and extraction of minerals. Comprehensive measures are being taken in stages to protect the environment from the negative influences of economic activity. Concern for the cleanliness of the environment is at the center of the attention of all Czechoslovakian agencies and organizations.

In 1981-1985 there was a further development of the material and technical base of the national economy, in spite of the fact that the volume of capital investments had decreased somewhat as compared to the preceding five-year plan. The economic and scientific-technical potential of this Czechoslovakian economy increased and its participation in international socialist division of labor was deepened and expanded.

The strengthening of integration ties between the Czechoslovakian economy and countries of the socialist community is reflected first and foremost in

foreign trade. Under the past five-year plan there was a further increase in the overall volume of commodity turnover with the CEMA countries. At the same time, the CSSR did not manage to increase the export capabilities in trade with nonsocialist countries. In order to provide for a trade balance with them, it was necessary to limit imports by a greater sum than was presupposed according to the plan.

In the structure of CSSR foreign trade, almost three-fourths of the commodity turnover (78.8 percent) is with the socialist countries, including more than half for trade with the Soviet Union, and the share of the nonsocialist countries is 19.5 percent of the turnover.

International division of labor, primarily with the CEMA countries is of immense significance for the CSSR economy. In 1985 these countries accounted for 74.1 percent of the CSSR foreign trade turnover, while in 1980 it was 65.5 percent. During this period the reciprocal foreign trade commodity turnover increased by 68 percent.

The main Czechoslovakian trade partner has always been the Soviet Union. Its share of Czechoslovakian trade has increased considerably during the past 5 years (from 35.8 percent in 1980 to 44.8 percent in 1985). The changeover to higher forms of cooperation carried out mainly in the production of machines and equipment and also in the area of deliveries of raw and processed materials from enterprises constructed through joint efforts contributed primarily to the increase in the reciprocal commodity exchange. The structure of reciprocal trade shows the growing significance of ties with the Soviet Union which is the main supplier of fuel, raw material and new technical equipment, on the one hand, and, on the other, it is the largest client for a considerable proportion of the products of the Czechoslovakian processing industry.

Trade with other CEMA countries is growing dynamically. In 1985 the GDR accounted for more than 9 percent of the volume of Czechoslovakian foreign trade. Industrial cooperation and specialization are developing intensively between the two countries.

Poland accounted for 8 percent of the CSSR foreign trade turnover. A number of agreements have been concluded between the CSSR and Poland concerning specialization of production, and Poland plays an important role in the delivery of certain kinds of raw materials.

Relations with other CEMA countries have also developed further. Thus Hungary accounts for 5.3 percent of the overall volume of Czechoslovakian foreign trade turnover, Bulgaria--3.1 percent and Romania--2.1 percent. Volumes of foreign trade are increasing continuously with the Republic of Cuba, Vietnam and Mongolia.

About 5 percent of the CSSR foreign trade turnover is with socialist countries that are not members of the CEMA. The largest CSSR trade partner among these is Yugoslavia (3.4 percent).

In 1985 developed capitalist countries accounted for 15.5 percent of the Czechoslovakian foreign trade turnover. Products from processing branches are prevalent in the structure of Czechoslovakian exports to these countries. Among the industrial goods, along with machine-building products (metal-cutting machines, tractors, passenger cars and so forth) a large place is occupied by textiles, footwear, glass, porcelain, earthenware, inexpensive jewelry, and so forth. Additionally, the CSSR delivers coal, coke, rolled metal, timber materials and a number of food products, for example hops, malt and beer.

In 1985 the largest trade partners among these states were the FRG, Austria, Great Britain, Italy, France and the Netherlands.

The volume of CSSR foreign trade with developing countries has increased since 1980 by 19 percent, and the proportion of these countries reaches 5.6 percent. The CSSR exports machine-building products to these countries, mainly various kinds of production equipment, and also batching equipment for entire enterprises. The developing countries deliver to Czechoslovakia goods from their traditional exports, for example, raw material of vegetable and animal origin, and also mineral raw material and foodstuffs. Among the largest trade partners of the CSSR in the "Third World" are Syria, Egypt, Libya, India and Brazil.

The large results achieved in the area of foreign trade with the socialist countries were conditioned to a considerable degree by the development of production specialization and cooperation. Exports on the basis of agreements for specialization and cooperation in 1985 amounted to 3,266,300,000 rubles. This means that as compared to 1980 the volume increased almost 2.4-fold. The proportion of specialized products in the overall volume of Czechoslovakian exports to the CEMA countries in 1985 was equal to 30.3 percent as compared to 20.4 percent in 1980, and more than half of the deliveries were made on the basis of multilateral agreements concluded within the framework of the CEMA.

A major part of these deliveries (almost 90 percent) was composed of machine-building products: metal-cutting machines, forge and press equipment, technical equipment for the petroleum processing, food, light, chemical, paper and textile industries, road machines, bearings, and means of transportation, including ships and port equipment. Additionally, Czechoslovakia specializes in the production of paints, lacquers, tanning substances and leather substitutes.

In turn, the volume of Czechoslovakian imports of specialized products amounted to 1,501,000,000 rubles in 1985 (13.1 percent of the overall volume of goods purchased from the CEMA countries). These were mainly heavy kinds of energy equipment, technical equipment for the chemical and paper industry, metal-cutting machines, instruments, laboratory and medical implements, bearings, tractors and agricultural machinery, computer equipment, motor vehicles, pharmaceuticals and individual kinds of chemical products.

The Soviet Union receives 72 percent of Czechoslovakian exports of specialized products. At the same time, on the basis of agreements for international division of labor, the USSR delivers to the CSSR trucks, river ships,



locomotives, agricultural equipment, nuclear energy equipment and also a number of chemical products, for example, dyes, herbicides and pharmaceuticals.

The GDR accounts for 11.7 percent of the Czechoslovakian specialized exports (mainly metal-cutting machines, machines for the textile industry and means of transportation). There are also a number of important agreements between the CSSR and the GDR concerning cooperation in the area of the chemical industry.

Machine building is the basis of exports of specialized products from the CSSR to other CEMA countries.

Because of the growing difficulties with obtaining raw materials and energy resources, Czechoslovakia has expanded participation in capital construction of new extraction and production capacities carried out through joint efforts of the CEMA countries. We are speaking about the fulfillment of commitments related to the construction of the Khmelnitsy Atomic Electric Energy Station and the Mozyr Plant for Nutritive Yeasts in the USSR, the Plant for Processing Citrus Fruits in the Republic of Cuba, and so forth.

The results of the economic and social development of the CSSR achieved during the past five-year plan show that the main line of the economic and social policy of the Communist Party of Czechoslovakia, earmarked for this period by the 16th Party Congress, has basically been implemented. During these years we have successfully resolved a number of key problems in the development of the national economy related to improving the quality indicators of the economic and social growth of the CSSR. In particular, we have reduced the role of energy- and material-intensive production and also limited the volume of ineffective capital investments. The import policy has been conducted more strictly and a number of positive changes have been made in the structure of production and consumption.

At the same time, during these years the Czechoslovakian national economy has not managed to take full advantage of all the existing possibilities and reserves associated with the application of the achievements of science and technology, the higher technical level and quality of products, more complete utilization of fixed capital and increased effectiveness of international foreign trade commodity turnover. Such an important indicator as energy- and material-intensiveness per unit of national income remains fairly high.

Therefore in the forthcoming period increased effectiveness of the national economy, all-around intensification and acceleration of the socioeconomic development of the society on the basis of scientific and technical progress comprise a key task.

This is the main path to achieving a level of labor productivity--Gustav Khusak noted at the 17th CPC Congress--which opens up before our country the possibility of occupying a leading position among developed states and effectively contributing to consolidating the positions of socialism in the world competition with capitalism.

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CSO: 1825/91

7 October 1986

## EASTERN EUROPE

## USSR-HUNGARY: AGREEMENT ON CONSTRUCTION OF INDUSTRIAL PROJECTS

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SSSR in Russian No 8, 1986,  
pp 120-125

[Article 26, an Agreement Between the Government of the Union of Soviet Socialist Republics and the Government of the Hungarian People's Republic on Deliveries of Equipment and on Economic and Technical Cooperation in Building Industrial Enterprises and Other Facilities in the Hungarian People's Republic in 1986-1990]

[Text] The government of the Union of Soviet Socialist Republics and the government of the Hungarian People's Republic,

based on relations of friendship and fraternal mutual assistance,

striving to further develop and strengthen mutually advantageous economic and technical cooperation between the Union of Soviet Socialist Republics and the Hungarian People's Republic on a basis of equality, mutual advantage and division of labor between the Union of Soviet Socialist Republics and the Hungarian People's Republic,

based on the "Comprehensive Program of Further Intensifying and Developing Cooperation and Developing Socialist Economic Integration Among CEMA Member-Nations,"

on the basis of the "Long-Range Program of Development of Economic and Scientific-Technical Cooperation Between the Union of Soviet Socialist Republics and the Hungarian People's Republic Up To 2000," signed on 1 April 1985,

agree to the following:

## Section 1

The government of the Union of Soviet Socialist Republics and the government of the Hungarian People's Republic will, through authorized Soviet and Hungarian organizations, cooperate on building, renovating and modernizing industrial enterprises and other facilities in the Hungarian People's Republic in 1986-1990 in accordance with appendices 1 and 2 (not included) to this Agreement.

The delivery of equipment for industrial enterprises and other facilities stipulated by agreements previously concluded, as well as the rendering of services connected with building these facilities in 1986-1990, will be done under the terms of the agreements previously concluded and according to the schedules in appendix 1 of this Agreement. In this regard, it is anticipated that Soviet

specialists will make business trips to the HPR and Hungarian specialists will be admitted to the USSR under the terms provided for in sections 7, 8 and 9 of this Agreement.

## Section 2

In order to effect the cooperation provided for by this agreement, authorized Soviet organizations will:

- do the planning work;
- deliver equipment manufactured in the Soviet Union and special materials;
- send to the Hungarian People's Republic Soviet specialists for designer supervision, consultation, contract supervision and technical direction in trouble-shooting and starting up equipment supplied by the USSR;
- admit to the USSR Hungarian specialists for production-technical training and consultation.

## Section 3

In order to effect the cooperation provided for by this agreement, authorized Hungarian organizations will:

- transfer to Soviet organizations the initial data needed to do their share of the design work at the times agreed to by the organizations of the parties;
- do all planning work with the exception of that being done by Soviet organizations;
- supply the needed equipment, including basic technological equipment, except for equipment being supplied under section 2 of this Agreement;
- do the construction-installation work and provide the funds and services for installing the industrial enterprises and facilities provided for by this Agreement and in the agreed-to amounts;
- promptly inform the Soviet organizations on construction-installation work progress and on changes in construction schedules.

In the event of delay in transferring the initial data needed for the design work, as well as when construction schedules are changed, the parties will hold talks to adjust equipment delivery schedules or eliminate the project from the list of facilities provided for by this Agreement.

## Section 4

Equipment supplied under this Agreement must meet modern technical standards as agreed to by authorized organizations of the parties. It is understood that the Soviet organizations will use technical improvements now available and ones available in the future from Soviet industry in manufacturing the equipment, and that Hungarian industries will use such improvements as are made available by Hungarian industry.

## Article 5

Prices of the services to be performed under this Agreement, including the services of specialists, documentation supplied, production experience and skills, equipment, spare parts and special materials supplied, will be set in accordance

with the principles and methods of price-setting being used in reciprocal trade among CEMA member-nations and in accordance with Soviet-Hungarian agreements on this question in effect while the parties are fulfilling their obligations under this Agreement.

#### Section 6

The appropriate Soviet organizations will supply the Hungarian People's Republic with the spare parts needed for normal, uninterrupted operation of the equipment supplied by the Union of Soviet Socialist Republics in accordance with this Agreement.

The amounts and delivery schedules for these spare parts are set forth in contracts being concluded between organizations of the parties.

#### Section 7

Soviet specialists will be sent to the Hungarian People's Republic under the terms of the 28 January 1959 Agreement Between the Government of the Union of Soviet Socialist Republics and the Government of the Hungarian People's Republic on Sending Soviet Specialists to the HPR and Hungarian Specialists to the USSR to Provide Technical Assistance and Other Services, the 26 February 1982 Protocol on that Agreement, the 11 May 1983 Letters of the Parties, as well as other documents which will be operative during the period in question.

#### Section 8

Hungarian specialists will be admitted to the Union of Soviet Socialist Republics for production-technical training under the terms of the 28 January 1959 Agreement Between the Government of the Union of Soviet Socialist Republics and the Government of the Hungarian People's Republic on the Terms of Production-Technical Training of Soviet and Hungarian Specialists and Workers, the 17 May 1984 Protocol on that Agreement, and other documents which will be operative during the period in question.

#### Section 9

Hungarian specialists will be admitted to the Union of Soviet Socialist Republics for consultations and expert assistance in numbers and specialties, for time periods and on terms agreed to by authorized organizations of the parties.

The expenses of Soviet organizations involved in consultations and expert counsel in the USSR will be determined using the rates set under the 28 January 1959 Agreement Between the Government of the Union of Soviet Socialist Republics and the Government of the Hungarian People's Republic on Sending Soviet Specialists to the HPR and Hungarian Specialists to the USSR, the 26 February 1982 Protocol on that Agreement, the 11 May 1983 Letters of the Parties, as well as other documents which will be operative during the period in question and will reflect the skills of the Soviet specialists and the time spent by them on the consultations.

## Section 10

Expenses by Soviet organizations connected with meeting the obligations set forth in this Agreement will be paid for in transfer rubles in accordance with the 22 October 1963 Agreement on Multilateral Calculations in Transfer Rubles and Organization of the International Bank for Economic Cooperation and the associated protocols of 18 December 1970 and 23 November 1977, as well as other documents which will be operative during the period in question.

## Section 11

Hungary will not deliver to foreign physical and/or legal persons design or other technical documentation obtained under this Agreement without the consent of the Soviet Union and will ensure its protection.

## Section 12

The appropriate Soviet organizations will deliver technical-commercial proposals in the form of draft contracts to the appropriate Hungarian organizations as quickly as possible.

Organizations of the parties will conclude contracts for the delivery of equipment and other services provided for by this Agreement for periods which will ensure performance of mutual obligations under this Agreement.

The contracts will define the equipment, special materials and spare parts to be delivered and the delivery schedules, the planning work to be done and when, the procedures and terms of the consultations, the terms for transferring production experience and skills (know-how) on a contractual basis, the number and specialties of Soviet specialists to be sent to the Hungarian People's Republic, the number and specialties of Hungarian specialists to be admitted to the Union of Soviet Socialist Republics, and also other details of the cooperation as provided for by this Agreement. The contracts are to be signed as quickly as possible.

When concluding the contracts, the authorized organizations of the parties will use the provisions of the General Conditions for Delivering Goods Among CEMA Member-Nation Organizations (OUP SEV), other CEMA provisions adopted by the authorized agencies of both countries, as well as Soviet-Hungarian agreements operative during performance of the obligations of the parties under this Agreement which concern concluding and implementing these contracts.

## Section 13

If the Hungarian organizations have not begun talks on concluding a contract on cooperation in building any given project within six months of the transfer of a draft contract to them for review by the Soviet organizations, the parties will hold talks on changing the cooperation schedule for that project or on eliminating it from the list of projects provided for by this Agreement.

#### Section 14

The amounts of equipment to be supplied by the USSR for building industrial enterprises and other facilities provided for by this Agreement and spare parts for the next year will be adjusted by authorized agencies of the parties prior to 1 May of the preceding year. Performance of obligations during the preceding year will be checked at that same time.

#### Section 15

This Agreement goes into force the day it is signed and will be in force until 30 December 1990.

After this Agreement expires, its provisions will apply to contracts concluded under this Agreement but not implemented when it expires.

Done in Moscow on 4 February 1986, with two Signed copies, one each in Russian and Hungarian, with both texts having identical validity.

K. KATUSHEV, plenipotentiary for the government of the Union of Soviet Socialist Republics

P. VERESH, plenipotentiary for the government of the Hungarian People's Republic

11052

CSO: 1825/88

7 October 1986

## EASTERN EUROPE

## USSR-BULGARIA: PROGRAM FOR ECONOMIC, TECHNICAL COOPERATION

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SSSR in Russian No 9-10, 1986,  
pp 131-144

[Article 27: Long-Term Program for Developing Economic and Scientific-Technical Cooperation Between the Union of Soviet Socialist Republics and the People's Republic of Bulgaria To 2000]

[Text] The Union of Soviet Socialist Republics and the People's Republic of Bulgaria,

governed by the resolutions of the congresses of the Communist Party of the Soviet Union and the Bulgarian Communist Party, the highest-level 1984 Economic Conference of CEMA Member-Nations, and also agreements reached during meetings between the CPSU Central Committee General Secretary and the BKP [Bulgarian Communist Party] Central Committee General Secretary,

in accordance with the provisions of the Agreement on Friendship, Cooperation and Mutual Assistance Between the Union of Soviet Socialist Republics and the People's Republic of Bulgaria of 12 May 1967,

governed by the goals of socioeconomic progress and improving the well-being of our peoples,

with consideration of the economic and scientific-technical potential of both countries and attaching important significance to planned expansion and development of mutually advantageous economic and scientific-technical cooperation on a stable, long-term basis,

noting the important significance of intensifying and improving the effectiveness of production on a basis of improving the structure of the international socialist division of labor, accelerating scientific-technical progress, and improving planning and management of the national economy and socialist labor organization,

expressing profound satisfaction with progress in developing and with the results of Soviet-Bulgarian economic and scientific-technical cooperation as an inseparable element of the creative efforts of the Soviet and Bulgarian peoples to build a developed socialist society and communism,

striving to continue deepening and developing the socialist economic integration of CEMA member-nations,

convinced that comprehensive fraternal cooperation by both countries will serve the cause of peace and socialism,

have adopted this Long-Term Program for Developing Economic and Scientific-Technical Cooperation Between the Union of Soviet Socialist Republics and the People's Republic of Bulgaria To 2000.

## I.

Relations of fraternal friendship and cooperation between the Union of Soviet Socialist Republics and the People's Republic of Bulgaria, based on principles of Marxism-Leninism and socialist internationalism, are being continuously broadened and deepened. Comprehensive development of Soviet-Bulgarian cooperation is systematically implementing a coordinated CPSU-BCP policy of continuing, gradual rapprochement of the USSR and the PRB, of the Soviet and Bulgarian peoples. This is being enriched by the new content of Soviet-Bulgarian relations and is an effective factor in strengthening the unity and might of the socialist community.

The heart of this comprehensive cooperation is the political alliance of the USSR and the PRB, the complete political unity of the CPSU and the BCP. One outstanding result of implementation of this policy has been the deepening and enrichment of ties between party, state and public agencies and organizations at all levels, as well as among labor collectives.

A strong material-technical base ensuring intensive economic development of all branches of the People's Republic of Bulgaria national economy has been created by the selfless labor of the Bulgarian people, under the leadership of the communist party and with the fraternal assistance of the Soviet Union.

The People's Republic of Bulgaria has been transformed from an economically backward, previously agrarian country into a leading socialist state with a developed industry and highly mechanized agriculture organized on a socialist basis. It has had great achievements in developing science and culture, public education and health.

Industrial and other projects in power engineering, metallurgy, oil refining, chemical industry and other branches built in the PRB with USSR technical assistance are the basis of the country's production potential and are ensuring its steady economic development. Deliveries from the USSR meet basic PRB import requirements for machinery and equipment, energy resources and the most important types of feedstock for industry.

Soviet-Bulgarian economic cooperation also helps better meet the requirements of the USSR national economy for individual types of machine-building and other industrial output, some agricultural and food products, and consumer goods.

The development of economic and scientific-technical ties between the USSR and the PRB is under the Comprehensive Program for Further Deepening and Developing Cooperation and Socialist Economic Integration Among CEMA Member-Nations and the long-range target programs for cooperation in branches of material production. The General Plan for Specialization and Cooperation Between the USSR and the PRB in the Field of Material Production Up To 1990, adopted in 1979, and the branch cooperation programs developed on its basis have had a great impact on deepening comprehensive cooperation by both countries.

In implementing the agreed-to lines of mutual cooperation, an ever-increasing role is being played by coordinating the state economic and social development plans of the USSR and the PRB, by using effective new forms of economic and



scientific-technical cooperation, developing direct ties between Soviet and Bulgarian ministries and departments, economic and scientific organizations.

The Soviet Union and the People's Republic of Bulgaria are fully resolved to assist in every way possible cooperation within the Warsaw Treaty Organization and Council for Economic Mutual Assistance frameworks, to participate actively in implementing the resolutions and directives of the CEMA member-nation Economic Conference at the highest level and other agreements on multilateral economic and scientific-technical cooperation.

The results achieved and the prospects for broadening Soviet-Bulgarian cooperation are of important significance to resolving the strategic tasks of building the material-technical base of developed socialist society and communism, of increasing the economic potential of both countries, of ensuring dynamic, proportional and effective development of their national economies and, on that basis, raising the standards of living of their people.

## II.

This Long-Term Program represents further development and concretization of the most important lines of expanding comprehensive economic and scientific-technical ties of both countries up to 2000 on the basis of the resolutions of the highest-level Economic Conference of CEMA Member-Nations, as outlined by the General Plan for Specialization and Consolidation in the Field of Material Production Between the USSR and the PRB Up To 1990.

The Soviet Union and the People's Republic of Bulgaria are proceeding on the assumption that their long-term economic and scientific-technical cooperation meets the fundamental interests of the Soviet and Bulgarian peoples.

The primary goal of Soviet-Bulgarian cooperation is to actively assist comprehensive improvement in the well-being of the people and better satisfaction of their requirements on the basis of economic policy coordination, increasing the economic potential of both countries, and ensuring dynamic, proportional, effective development of their national economies.

In order to attain this goal, the Soviet and Bulgarian parties intend to concentrate their mutual cooperation on the tasks for further intensifying the USSR and PRB national economy, of comprehensively increasing the productivity of social labor based on accelerated scientific-technical progress, of developing the international socialist division of labor, of mutually advantageous production specialization and consolidation, of strengthening the material base of the national economy through the extensive introduction of highly efficient modern technological processes, machinery, equipment and materials, and also the tasks of efficiently using production capacities, saving labor and material resources, improving product quality, and developing effective export facilities.

Along with increasing effective interbranch exchange, future development of intrabranh specialization in the processing branches of industry, and especially intensive scientific-technical and production cooperation in machine-building, must become the basis for deepening cooperation, developing socialist economic integration, and increasing reciprocal commodity turnover.

Under the agreed-to economic policy, the Soviet Union will continue to supply the PRB with a number of different feedstocks and energy carriers to meet its import requirements in amounts determined based on plan coordination and long-term agreements. In turn, the People's Republic of Bulgaria will systematically develop its production and export structure for the purpose of supplying the Soviet Union with output it needs, in particular: foodstuffs and manufactured consumer goods, certain types of building materials, high-quality machinery and equipment. This is to be top-quality equipment. It will ensure mutually advantageous compensation for expenditures made and will open up opportunities for further deepening of stable long-term production specialization between the USSR and the PRB.

In cooperation with the Soviet Union and with a view towards ensuring continued effective economic development by strengthening the material-technical base, the People's Republic of Bulgaria will take necessary steps in the capital investment area aimed at further developing the structure of the national economy, foremost through development of production low in energy and materials consumption and effectively using energy and raw materials.

The parties will also cooperate on a mutually-advantageous basis with third parties.

### III.

The USSR and PRB consider comprehensive use of the latest achievements of scientific-technical progress to be the pivotal factor in implementing the Long-Term Program. The parties will continue to conduct a coordinated, and in some fields unified, scientific-technical policy taking into account the scientific-technical potentials available in the countries for purposes of jointly resolving as quickly as possible the most important problems of science and engineering and introducing the results achieved into production on mutually advantageous terms.

In the area of scientific-technical progress, cooperation will be aimed at developing the following priority areas: electronics, full automation, the newest types of materials, technologies and biotechnology, and also at solving other very important scientific-technical problems.

The parties will develop cooperation in creating a stockpile of theory for scientific-technical progress, intensifying fundamental research, determining the most important tasks for joint resolution, those ensuring attaining a high, world-standards level of technical and economic indicators and product quality, and strengthening the technological and technical invulnerability of both countries.

In the field of electronics, computer equipment and instrument manufacturing, the cooperation will be aimed at developing and introducing highly effective items and the latest technologies and systems for increasing the level of production process automation, at using automated planning and management systems in branches of the national economy. In microelectronics, joint work will be aimed at developing the production of very highly integrated microelectronic components and devices, at developing a new generation of microelectronic devices based on progressive physics principles. We anticipate the development

of complexes of devices and automation equipment in various branches of the national economy, of external memory, and cooperation in the field of optic electronics. Joint scientific research and development in the area of developing vacuum and laser equipment will be further developed and deepened.

We intend to continue developing cooperation in the comprehensive mechanization and automation of production processes, lift-transport, loading-unloading and warehousing operations in industry, agriculture and transport, the development and introduction of new machinery and equipment complexes for mining and processing minerals, technological processes and highly productive equipment for fruit and vegetable processing and storage. We anticipate the creation of flexible manufacturing systems for machine-building and other branches which will be based on the extensive use of industrial robots, manipulators and other highly productive programmed-control equipment and systems using microprocessor equipment.

Processes are to be developed and equipment created which will ensure significant improvement in the efficiency of fuel and energy use in various branches of the national economy. We anticipate the creation and introduction of progressive technologies for the thorough processing and economical use of feedstock and other materials, including recycled feedstock, the development and use of new structural materials, materials with new and improved properties, superpure substances for electronics and other branches, various types of polymers and composites, with a view towards meeting the requirements of both countries. Using the latest methods for obtaining and working materials, cooperation is to be developed on the development of technologies and equipment for producing high-strength structural, tool and other special steels, ferrous and nonferrous metals and alloys, including tungsten-free and hard alloys, as well as composites, powder metallurgy items and materials for electronics equipment.

Cooperation in chemical industry will be aimed at: developing and mastering the production of new types of structural plastics for machinebuilding and electronics, modified chemical fibers with improved hygienic and operating properties; developing and intensifying technological processes in oil refining and petrochemistry; developing and introducing new technologies for producing chemical and pharmaceutical compounds and semifinished products for producing them, halogen-silver photographic emulsions with lower silver content, low-tonnage chemicals, plant-protection chemicals, highly effective catalysts for chemical and petrochemical industry.

In the agro-industrial complex, cooperation will be aimed at developing and introducing highly effective industrial technologies, including those based on the use of biotechnology methods ensuring intensified production of agricultural output of plant and animal origin through the use of modern genetics, physiological, biochemical, molecular and other methods. We will be developing and introducing waste-free technologies, systems for mechanizing and automating the use of pesticides for integrated plant protection, land reclamation systems with automated water distribution and consumption.

The parties will work out steps to continue developing and improving cooperation in the area of scientific-technical information by expanding their reciprocal

exchange of information on scientific and technical achievements and by improving the system for exchanging that information.

#### IV.

Governed by the above goals and tasks, the Soviet Union and the People's Republic of Bulgaria have agreed to develop bilateral economic and scientific-technical cooperation in the main branches of the national economy in the following priority directions.

In the field of power engineering, fuel and feedstocks -- on the most efficient and economical use of energy resources and feedstocks in the national economy, lowering production energy and materials consumption by introducing modern machinery and equipment, progressive technological processes, changing the feedstocks and energy production and consumption structure, and on the fullest use of recovered resources, including low-potential fuel-energy resources, taking steps to increase the mining and comprehensive use of local types of fuel and nontraditional energy sources in the PRB, on joint work on the Bulgarian Black Sea Shelf.

With a view towards creating conditions for deliveries of fuel-energy resources from the USSR to the PRB, the Bulgarian party will participate in installing gas pipelines and petroleum industry facilities in the USSR and in other forms of cooperation.

The Soviet Union will render technical assistance in improving PRB power engineering and developing its material-technical base, foremost through the installation of nuclear power plants.

The parties have agreed to retain the [current] levels of petroleum and petroleum products deliveries from the USSR to the PRB during 1986-1990 and to study opportunities for increasing deliveries of natural gas and electric power to the PRB in those years on the basis of agreement to mutually suitable forms of cooperation.

In ferrous and nonferrous metallurgy, mutual USSR and PRB cooperation will be aimed at carrying out measures to: renovate and modernize enterprises, develop metallurgical and ore mining capacities in both countries and introducing modern technological processes as quickly as possible; develop the metal products production structure and improve its quality, increase the proportion of progressive types of rolled metal, increase the release of high-quality steels and items made from them; broaden the product assortment and its exchange on the basis of production specialization; develop powder metallurgy and the production of new alloys with improved parameters; reduce the metals-intensiveness of the production of items in metal-consuming branches, and especially machine-building; make intelligent use of the nonferrous rolled metals production capacities available in the PRB.

The parties will develop cooperation to maintain and develop the raw material base of ferrous and nonferrous metallurgy, including the fuller and more efficient use of recovered raw material and local raw-material resources in the PRB.

With the cooperation of the USSR, work will be done in the PRB to use iron ore from the Kremikov deposit more efficiently and comprehensively, to master the "Obrochishte" manganese deposits and the "Gryncharitsa" tungsten deposits in the interests of the national economy of both countries. With PRB participation, the USSR will continue mastering iron-bearing raw material deposits and building ferrous metallurgy facilities for the purpose of supplying the corresponding output to the PRB. The parties will cooperate in developing aluminum production to meet more fully the requirements of both countries.

In machine-building, which is the most important material basis of technical progress and increasing social production efficiency, the cooperation is being directed primarily at providing the key branches of the USSR and PRB national economy with high-quality machinery and equipment the equal of the world's best and at doing this in a complete "research - production - marketing" cycle.

The USSR and the PRB will use continued deepening and developing of production specialization and consolidation as a basis for developing reciprocal deliveries of new types of machinebuilding output in conformity with the lines of cooperation outlined by this Long-Term Program and the cooperation programs in the field of machine-building which have been adopted on a multilateral basis in CEMA agencies, including items in electronics, radio-engineering, electrical-engineering and instrument manufacturing industry, automation equipment and systems, computer equipment and communications, metalworking equipment and numerical programmed-control machine tools, automatic lines, robots, flexible manufacturing systems, equipment for mechanizing and automating warehousing and intraplant transport systems, individual types of power-engineering, chemical, mining, roadbuilding and transport equipment, automotive products, tractor and agricultural machine-building products, equipment for light and food industry, ships and ship equipment.

PRB machine building will be specialized, through cooperation, to produce mainly nonmetal types of products for delivery to the USSR and for effective use of capacities created in the PRB to produce individual types of heavy machine-building output.

The USSR and the PRB will cooperate in developing and producing electronics elements for microelectronic, electronic and computer equipment, instruments, automation equipment and systems, and communications on the basis of a unified, standardized element base, as well as special technological equipment and especially pure and special materials for microelectronics, in accordance with existing long-term programs of scientific-technical and production cooperation among both countries and CEMA member-nations in the indicated area. Reciprocal deliveries will be made on the basis of this cooperation.

Cooperation in the field of machine building will be developed on the basis of subject, parts and technology specialization, unitization and comprehensive standardization. Particular attention will be paid to providing spare parts for the machinery and equipment delivered reciprocally and to servicing it.

In chemical and petrochemical industry, primary attention will be focused on the joint development of new technological processes and equipment and to the construction, modernization and renovation of capacities so as to ensure

significant improvement in the quality and assortment of the output being produced to increase reciprocal deliveries on the basis of production specialization and consolidation. The Soviet party will expand its production of energy-intensive chemical output (ammonium, methanol), including that for delivery to the PRB, and the Bulgarian party will produce chemical output that is less energy-intensive (certain types of low-tonnage chemicals, means of plant protection, polymer products), including that for delivery to the USSR.

The parties will broaden cooperation in the production and reciprocal delivery of new and traditional types of chemical and petrochemical feedstocks and products.

In branches of the agro-industrial complex. For purposes of better meeting the requirements of the USSR and PRB populace for foodstuffs and food additives, the parties will broaden and deepen cooperation along the following lines:

- increasing the production and reciprocal delivery of highly productive agricultural and irrigation-reclamation equipment, machinery and equipment for flavor enhancement, trade and public catering, equipment to fully mechanize and automate production processes, and also equipment to further broaden, modernize and renovate the stock of reclaimed and irrigated land;

- strengthening the feed base of livestock raising on a basis of broadening mechanization, chemization, reclamation and breeding and coordinating them to the optimum, and exchanging leading experience;

- developing capacities, modernizing and renovating food industry enterprises, including participation by Bulgarian organizations in such work in the USSR, creating and introducing new technological lines for waste-free production facilities, enriching the assortment and improving the quality of foodstuffs;

- introducing new and more progressive technologies into plant cultivation and livestock raising (including biotechnologies), highly productive varieties and hybrids of agricultural crops, seeds, rootstock material, new lines and breeds of livestock and poultry, extensive use of feed protein and other products of microbiological synthesis in the production of agricultural and food products;

- developing the production of packing-packaging materials, mastering the production of refrigeration equipment for storing agricultural products and foodstuffs; perfecting transport systems and warehouses so as to improve the storage and rapid transport of food products from point of production to the consumer.

The parties will cooperate in lumbering in the Komi ASSR.

In consumer goods production -- the orientation will be towards cooperation in substantially increasing the production of high-quality fashionable goods that are in demand, broadening production specialization and reciprocal deliveries of goods, including durables from the USSR to the PRB and products of light industry and other consumer goods from the PRB to the USSR.

The parties will work jointly to retool and modernize the corresponding branches of industry and will, to these ends, broaden cooperation in the development and introduction of modern technological processes, high-quality chemical materials, mastering the production of progressive machinery and equipment systems, and also in developing the raw material base for light industry. Use will be made

of various forms of cooperation of expand consumer goods exchange, including assortment exchange for domestic lines of goods, consumer's cooperative lines and department store lines, and the creation of a network of company stores.

In the field of transport, the cooperation will be directed towards:

- efficient distribution of foreign trade shipments by type of transport and improving shipment organization and production synchronization of the transport process;

- developing the material-technical base of the USSR and PRB transport systems associated with freight hauling in reciprocal trade and international through shipments, developing port-complex capacities and border crossings, renovating and increasing the throughput of railroads, improving the automobile fleet structure;

- developing and introducing new technologies for improving water transport shipments based on organizing new lines using multipurpose ships, container haulers, Ro Ro ships, continued development of ferryboat transport, "river - sea" hauling, and other progressive technologies and optimum freight hauling schemes, especially for lumber and foodstuffs, perishables, petroleum and soda ash, developing containerized, packetized and palletized shipments;

- developing, producing and using automated transport control systems, including the expanded use of the "Inmarsat" system, an automated air traffic control system.

In communications, the cooperation will be aimed basically at increasing the throughput of communications lines, including by installing an ocean coaxial trunk cable and using the international "Intersputnik" satellite link and developing a Unified Switching Equipment System, a Unified Digital Data Transmission System, and the communications systems of both countries.

In the field of industrial construction, the parties will cooperate in the construction, renovation and modernization of facilities in planning, delivering highly productive equipment and technology, and rendering other types of technical assistance.

The parties will develop cooperation in the areas of tourism, environmental protection, and others of mutual interest.

## V.

Implementation of the areas, goals and tasks of Soviet-Bulgarian economic and scientific-technical cooperation outlined in this Long-Term Program will be done by agreeing to the most important lines of economic and scientific-technical policy, strengthening direct mutual assistance by the planning and economic agencies of both countries in the fields of science, technology and material production.

On this basis, the central planning agencies, ministries and departments of the USSR and PRB are substantially expanding their coordination of the five-year state plans, which the parties consider the primary instrument for implementing a coordinated economic policy and for shaping stable economic and scientific-technical ties between both countries and a basis for developing their national plans as concerns mutual cooperation.

In order to develop production structures, work out interlinked ways of developing the economy, and achieve greater mutual supplementation of their national economic complexes, the USSR and the PRB have agreed to effective capital investment coordination in areas of mutual interest. This will mean first of all coordination of capital investment to significantly influence improving the production structure and increase export potential, the economical use of fuel, energy and raw material, to raise the technical level of production, develop advanced equipment and transport ties, as well as capital investment for joint-construction projects. In the course of this coordination, optimum solutions will be sought with regard to the size of the enterprises being built and to locating them effectively with respect to natural-economic conditions and opportunities for supporting output production and marketing with resources and financing.

The development of foreign economic ties between the Soviet Union and the People's Republic of Bulgaria will be on a mutually-advantageous, balanced basis. To these ends, the parties will determine the most effective directions, forms and terms of cooperation.

With a view towards practical implementation of cooperation agreements between the USSR and the PRB stemming from this Long-Term Program, the appropriate ministries and departments of both countries are working out and coordinating branch programs for economic and scientific-technical cooperation and production specialization and consolidation for the next five-year period and up to 2000.

The most important questions of cooperation in the area of science and technology, those connected with implementation of this Long-Term Program, will be resolved on the basis of comprehensive scientific-technical cooperation programs dealing with the priority problems of scientific and technical development, programs which will stipulate the lead implementers and resources support for the joint work being planned, the organizational forms of that work, and also the schedules for introducing the end developments of progressive types of equipment and technology into production.

The appropriate USSR and PRB ministries and departments will, based on the results of this coordination of state plans and branch coordination programs, sign the necessary long-term agreements on production specialization and consolidation, on reciprocal deliveries of goods, on technical assistance and cooperation in the construction, renovation and modernization of industrial and other facilities, on cooperation in the area of scientific research, on joint organizations, and other agreements. Based on the results achieved in the course of implementing the Long-Term Program, when new opportunities and requirements are revealed, the parties will agree to and carry out additional comprehensive economic and scientific-technical cooperation measures between the Soviet Union and the People's Republic of Bulgaria.

The USSR and the PRB will make extensive use of various forms of cooperation, including setting up direct ties among ministries, associations, enterprises and organizations and the creation of cost-accounting joint enterprises, production and scientific-production companies and other international economic organizations.



Performance of the parties' obligations stemming from the results of state plan coordination and coordinating the agreements concluded will be ensured in accordance with the national economic planning and management systems in effect in the USSR and the PRB.

Implementation of the provisions of the Long-Term Program will be actively assisted by USSR and PRB participation in implementing agreed-to integration plans and multilateral agreements among CEMA member-nations.

The Intergovernmental Soviet-Bulgarian Commission for Economic and Scientific-Technical cooperation is organizing implementation of the Long-Term Program and monitoring of progress in implementing it. Together with central planning agencies, it will help develop, when necessary, new proposals on further developing friendly relations, trade-economic ties and scientific-technical cooperation between the Soviet Union and the People's Republic of Bulgaria.

This Long-Term Program goes into force on the date it is signed and will remain in force through 31 December 2000.

Done in Moscow on 7 June 1985, with two signed copies, one each in Russian and Bulgarian, both texts having identical validity.

M. GORBACHEV, for the Union of Soviet Socialist Republics

T. ZHIVKOV, for the People's Republic of Bulgaria

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CSO: 1825/28

## LATIN AMERICA AND CARIBBEAN

### U.S. ACCUSED OF VIOLATING PANAMA CANAL TREATY

Moscow LITERATURNAYA GAZETA in Russian No 32, 6 Aug 86 p 14

[Article by Vladimir Vesenskiy, staff correspondent: "Canal between Two Oceans"]

[Excerpts] For two months now American propaganda has been waging a campaign of slander; its goal is to besmirch the present-day leadership of Panama. Military and civilian political figures are accused of trading in narcotics, falsifying the results of the recently held elections, and other deadly sins.

In reply to these attacks, the Panamanian Ministry of Foreign Relations has issued a statement which emphasized that the true goal of this campaign is to delay and even disrupt the transfer of the Panama Canal, as provided for in accordance with the Torrijos-Carter Treaty. Today we are publishing a report by our correspondent from the place where these events are occurring.

Panamanians know how to value coolness. At the Hotel Caribe during the afternoon they draw the window drapes, turn the air-conditioners up to full power, and the 40°C heat retreats.

The Caribe is an excellent hotel. And it is conveniently situated--all the departments and ministries are located nearby.

I threw my bags into my room and went downstairs. I was in no hurry to go out onto the street. I remained by the door, which was made of tinted glass. I watched as a military jeep braked to a halt in front of the hotel. Wet with sweat, an American Army sergeant climbed out of this jeep.

I already knew that American military servicemen taking part in maneuvers were staying at this hotel while on leave for rest and recreation. They were tired out after working, as they say, at defending the canal. From whom? From us, i.e., from the USSR. That, at least, is what the sergeant wet with sweat thinks. In reality, however, these maneuvers are pursuing different goals: the American soldiers are learning how to fight under the conditions of a tropical forest, and they are setting up contacts with the local population.

In the previous article I told the story of how the international scoundrel, Monsieur Bunau, with the aid of an ordinary postage stamp, persuaded the U.S. Senate to construct the canal through Panama rather than through Nicaragua.

But this was merely the first trick of this international adventurer. After deciding to construct the canal through Panama, the U.S. authorities took measures to ensure for themselves the right to it and its adjacent land for all time. In 1903 the State Department signed a treaty providing for the transfer of the canal and its zone to the United States. But--astoundingly enough--this treaty was signed on behalf of Panama not by the authorities of that country but rather by...Monsieur Bunau. Thus, an international rogue helped the United States to acquire the territory of the Panama Canal. And the fate of the country has been completely bound up with the fate of the canal. In order to "defend" it from the Panamanians, American troops occupied Panama in 1908, 1912, and 1920.

When people talk about Americans, they often think of their business-like quality, their energy, and their ability to work. Indeed, these qualities are characteristic of them. But here in Latin America everything looks completely different. The American business-like quality has turned out to be a tragedy for many countries. Their northern neighbor has energetically drawn from them petroleum and copper, tin and bananas. It pokes around their universities and buys up ideas at their roots. It forms concessions, overthrows presidents and puts dictators into power; it brazenly annexes other people's territories.... And whenever any of its intentions do not work out as planned, it uses its most powerful "argument"--the Marines or the secret services. By the way, the secret operations are only called "secret"--because, of course, the story of Salvador Allende's murder is no secret to anyone....

Since the Reagan Administration came into power, events such as the following have followed one after another:

The commander-in-chief of the Peruvian Army, General Rafael Ojos, perished in an airplane accident; he was the last of the progressive nationalists holding high positions in Peru.

On 24 May of this same year of 1981--and also in an airplane accident--the president of Ecuador, Jaime Roldos Aguilera--a progressive political leader--perished.

Within 2 months --on 31 July of that same year--and again in an airplane accident--the commander-in-chief of Panama's National Guard, General Omar Torrijos Herrera also perished. The fifth anniversary of his death was recently marked.

From the Rio Grande to the La Plata there is not a single country in which the behind-the-scenes organizer of these accidents could not be named. The only secret is the names of the specific persons carrying them out....

Strictly speaking, the Panama Canal is not a canal but rather a hydraulic system for raising ships to a height of 26 meters. This system has been

perfected, and people can be rightfully proud of it. Three groups of locks raise and lower the ships. Water flows in by its own power from the man-made Gatun Lake. But where does this lake get its water? From the rains. Pouring tropical rains comprise the life of this canal. If the ecology changes, if the tropical forests in the region die out, the precipitation would cease to fall, and the canal would come to an end. The Panamanians and their neighbors bear the responsibility for preserving the environment in the interests of all maritime shippers.

American experts, who regard the Panama Canal as an extremely important military facility, consider that its defense would require 100,000 soldiers. The Panamanians, who consider the canal to be, first and foremost, an international maritime route, suppose that the fragile system of the canal could not be defended by any kind of military forces. They are striving to achieve its complete neutralization, and they regard the canal treaty signed by Torrijos and Carter merely as the first step on this path.

However, Washington began to sabotage the implementation of this treaty even before it went into effect!

Immediately after it was signed, the American Senate passed Law 9670.

"This was done in order to, at first, delay and then completely disrupt the transfer of the canal to Panama," I was told by Luis Restrepo, a well-known Panamanian journalist. It was he who also supplied me with a list of violations of the treaty committed by the American side.

"There have been many violations, but pay attention to this," he said. "In Washington they know that for us one of the most important factors is equal pay for equal work. The Senate has denied this position in Law 9670. Moreover, the Americans have suddenly begun to be granted not just one paid vacation a year but two. This means that they and their families obtain a paid flight to the United States and back by means of funds received by the canal. Some 50 million dollars a year goes to pay for the privileges of the American civil-service employees. Gigantic economic damage is inflicted on us."

It is difficult to call what the Americans are doing in Panama anything else but psychological warfare. Articles frequently appear in the press to the effect that the Torrijos-Carter Treaty has brought nothing new to the status of the canal, that, in connection with the introduction of new equipment for hauls, the need for the canal itself will soon decline. Reports are also published which contradict this assertion, reports which allege that the Soviet Union is "is particularly interested in the canal" and is planning to build a waterway across Nicaragua.

But who is interested most of all in the canal's existence? Here are the statistics for 1983: the United States is in first place! It passed 2,473 ships through the canal. Japan occupies fifth place: 1,145 ships that year, Britain --718, and the Soviet Union is in seventh place, with 531 ships that year. So who needs the canal most of all?

Washington has also proceeded to direct provocations. Suffice it to recall the ruckus which was raised about the Soviet merchant ships which were supposedly bringing jet fighters to Nicaragua. At that time the United States attempted to compel the Panamanians to inspect our ships as they passed through the canal. But the Panamanians immediately understood the intention of this provocation and flatly refused.

Nor does the psychological warfare avoid such as "argument" as the following: if the American specialists leave Panama, if the military bases on its territory are eliminated, the country would be left without revenues and would perish....

#### A Word to the Experts

From the Miraflores Locks we drove past a military base, past two-storey cottages, clean little gardens and manicured lawns toward the Panama Canal Commission building. It rises majestically above the green plain. We skirted around a hill, which had on it a two-meter-high replica of the Statue of Liberty. The Panamanians, a people with a sense of humor, call it a "memorial to liberty."

We drove up to the main entrance of the commission building. Today I had a meeting with a deputy of Ronald Reagan. I am not joking. Few people know this, but the head of the Panama Canal Commission is actually the President of the United States. And I met with the deputy chairman of the commission--a Panamanian citizen and the most important specialist regarding the canal--Senor MacAuliffe.

"During the 1970's people used to say that the Panamanians would not be able to run such a complex mechanism as this canal. What can you tell us on this score?" I asked.

"There are 8,000 persons working on the canal; 6,600 of them are Panamanians. The rest are U.S. citizens. As a rule, the Americans occupy the highest positions. But now my compatriots already serve as the chiefs of several important departments which are considered to be 'strategically secret' and to which, prior to the conclusion of the treaty, Panamanians were not allowed. We are still experiencing difficulties with pilots."

"People say that the number of ships passing through the canal is decreasing year after year. Rumors are floating around that even the need for the canal might decline, since its maintenance is becoming economically unprofitable...."

"That is merely a mathematical trick," replied Senor MacAuliffe. "The number of ships passing through the canal has indeed decreased as a result of the economic decline and because of the appearance of alternative ways of hauling. Let's take, for example, the petroleum pipeline through which petroleum comes from Alaska. And down here it passes through the territory of Panama, while previously petroleum used to be hauled in on ships. There has been an increase in the number of super-tonnage ships, which have replaced ships of lesser tonnage. And the total volume of hauls has not been reduced, although with the canal's capacity to pass through 42 ships a day, we are passing through an average of 32."

In the Panamanian Ministry of Foreign Relations I had a conversation with one of the country's most senior diplomats--Councillor De la Rosa.

"As far as I know, you have taken part in all or almost all the negotiations regarding the canal over the period of the last 20 years," I said. "Has the position of Panama with respect to the canal changed since the signing of the Torrijos-Carter treaty?"

"Yes, it has changed," the councillor replied. "We consider that the canal's administration should be fully handed over to Panama not in 1999 but rather in 1990. This would be in the interests of all the countries using the Panama Canal. The treaty states that the canal should be handed over in a condition satisfactory for the present-day hauling requirements. In other words, it is necessary not merely to maintain all the installations of the canal in ideal working condition but also to see to it that the Canal reaches the year 2000 at the necessary engineering level. For this purpose, naturally, we need capital investments, credits, and additional research studies. The United States, which knows that in one way or another the canal will, in the final analysis, belong to Panama, is not motivated to make expenditures for future goals. But we are so motivated. The year 1990 is a critical one for the canal; its administration is to be headed up by a Panamanian. And here a serious political problem arises. How will a Panamanian run the canal if his management organ contains five Americans and only four Panamanians? I have not even mentioned yet the fact that a Panamanian will not be able to take the oath of allegiance to the American President, as has been done up to this time .... If we come to administer the canal in 1990, we will be able to obtain international credits for expanding it, maintaining it in an operating condition of at level of up-to-date requirements.... But this does not exhaust all that we want to change in the canal treaty. The latter contains a very important point concerning neutrality. It states the following: "The Republic of Panama and the United States agree that both sides will support the system of the canal's neutrality." Of course, it is self-evident that the words "both sides" in the given instance mean "the United States"! The treaty also contains a provision that, in case of necessity, the United States can pass its own warships through the canal without waiting for their normal turn. But we want the canal to be peaceful. And we need not a bilateral but a multilateral, international treaty. We would like all countries, including the Soviet Union, to sign a protocol concerning the canal's neutrality."

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CHINA/FAR EAST/PACIFIC

INITIAL RESULTS OF CHINA'S ECONOMIC REFORMS ASSESSED

Moscow NEW TIMES in Russian No 29, 28 Jul 86 pp 22-23

[Article by Mikhail Yakovlev]

[Text] An economic reform was launched in China more than seven years ago. A good deal is being said and written about it both in the country and abroad. In China the reform is called "history-making" and "a second revolution" and is seen as the only correct way of "building socialism with a Chinese face."

The December 1978 meeting of the Central Committee of the Communist Party of China proclaimed a new political and economic course and thus launched a drastic reconstruction drive in the countryside, where 80 percent of the population live. The purpose of the agrarian reform was to revitalize agricultural production and make it more efficient by linking it to market demand. Under the new policy, the former cooperatives were virtually disbanded while the land, which is collective property, was leased out to farmers. It was the farmstead that, according to Chinese theorists, became the pivot of production and other economic activity in the countryside.

At present every farmstead (family) concludes with the collective--the rural community or the production team--a contract under which it gets a plot of land on lease, pledges to fulfill definite production quotas, make deductions to the collective fund, pay taxes, and has the right freely to dispose of the surplus product. Small canteens, formerly the property of collectives, are also leased out nowadays.

The system of production responsibility is believed to stimulate the individual labour activity of farmers, their initiative and enterprise and eventually boost productive forces in the countryside and bring about general welfare.

The initial results of the reform are already in evidence. Over the past five years gross agricultural output has been growing by an average of 8.1 percent a year. Bumper crops have been harvested: almost 380 million tons of grain in both 1983 and 1985 and more than 407 million tons in 1984, an especially good year. "The country has become self-sufficient in grain and cotton," Chinese leaders say. To consolidate this trend, the government has abolished mandatory supplies to the state and the state monopoly on the marketing of basic farm products, including grain. As from this year, contracts are concluded with farmers to purchase from them fixed quantities of output at guaranteed prices.

The rapid development of local industries, that is, industries run by districts, communities and small towns, is characteristic of the Chinese countryside today. They are viewed as an "active motive force" in the implementation of the agrarian reform. Tian Jiyun, Deputy Premier of the State Council, said that "the industries of districts and communities have become the economic backbone of the countryside in some regions."

Since the reform was launched, farmers' incomes have grown by an average of 65 per cent (by 44 per cent, with price rises taken into account). Food supply has markedly improved after many "hungary" years. Housing conditions are improving as well, with new houses springing up all over the country. Farmers are buying more and more consumer goods, including durables, such as TV-sets and refrigerators, washing machines and motorcycles, which were considered luxuries only a few years ago.

Yet, according to official statistics, 70 million farmers are still poor. The statistics rank families with a per capita annual income of below 200 yuans as "poor" farmsteads. Meanwhile, retail prices for food and manufactured goods grew by an average of 8.8 per cent in 1985 over the previous year and by 19 per cent during the five-year period as a whole.

The economic reform was extended into cities in late 1984 to give an impetus to industrial production and improve management. Emphasis was laid on the modernization and reconstruction of existing industries rather than on large-scale capital construction, and on the introduction of new technology and processes.

The reform in the cities has several goals, such as to make industries more robust and foster energy and initiative in work collectives which in the past had largely been fettered by excessive control from above. Innovations are applied mainly to small and medium-sized plants, with managers given more personal responsibility and plants themselves broader rights in production, while the number of plan targets set from above have been substantially reduced. While before the reform plants did not have anything to do with marketing, now many of them market on their own above-quota on extra-plan output.

The economic reform has brought certain results, Zhao Ziyang, Premier of the State Council, said in his report on the draft seventh five-year economic and social development plan (1986-90) at the latest session of the National People's Congress. The reform has made decisive progress primarily in the countryside. The rural economy is turning towards specialization, commodity production and modernization. According to Zhao Ziyang, the reform in the city "carried out to one degree or another in planning, finances, taxation, prices, banking, trade, employment, wages, etc., encouraged the economic activity of the people on an unprecedented scale."

The results of the five-year period as a whole are quite impressive too. The average annual increment in gross industrial and agricultural production was 11 per cent. China advanced from being the world's fifth to the world's fourth largest steel producer, from the sixth to the fifth largest electricity



producer, and from the third to the second largest coal producer. In 1985 it produced 46.66 million tons of steel, 850 million tons of coal, 125.4 million tons of oil and 407.3 billion kilowatt-hours of electricity.

Unemployment has been reduced considerably over the past five years. More than 35 million jobs have been created in cities and communities. The average annual incomes of workers and employees, Tian Jiyun said, grew from 762 yuans in 1980 to 1,176 yuans in 1985 per employee, while the farmer's average annual income rose from 191 to 400 yuans.

Urban and rural markets became better supplied with manufactured goods and farm produce and rationing cards for many consumer goods were cancelled; the exceptions are flour, groats, and vegetable oil. Housing construction has considerably expanded.

China's economic progress, Zhao Ziyang noted, became possible because it set about "reforming the old economic system and building an open-type economy," and found "a new path corresponding to its realities."

Explaining the essence of the new economic system, the Chinese head of government said that "the commodity-oriented economy that China is to develop is, generally speaking, a socialist commodity-oriented economy. This commodity economy is based on the public ownership of property, is true to the principle of distribution according to work and functions under plan and control."

Yet along with indubitable achievements, the Chinese economy has a number of serious problems related to the economic reform. They made themselves felt especially strongly in late 1984, when, as Chinese economists noted, "a number of new destabilizing factors arose." These include, inter alia, excessively high growth rates in industry, inordinately large capital investments in fixed assets, unjustified expenditures of material resources, dwindling currency reserves and strains in power supply, transport, communications and supplies of raw material. Capital investments grew by 75 per cent last year over 1983, whereas the national income rose only by 28 per cent.

This problem also explains why the state can no longer control economic growth rates. In the first half of last year they rose by 23 per cent over the same period in 1984, and it was only thanks to emergency measures that they were brought down to 10 per cent by the end of 1985 (the construction of many "new extra-plan projects" was suspended or cancelled altogether in a number of provinces, autonomous regions and centrally-governed cities). The new five-year plan fixes the growth rate at 7-8 per cent a year so that the gross output of industry and agriculture should have increased by 38 per cent by 1990.

The problem of unemployment remains acute, with joblessness standing at 20-30 per cent in cities and up to one third of the economically active population in the countryside. Zhao Ziyang said that the reform had released about 100 million workers in the countryside, or about a third of the rural work force. These farmers do not leave their homes but try to find jobs in district and community industries. These industries, according to the statistics of the Ministry of Agriculture, Animal Husbandry and Fishery, employ more than 60 million, or one-fifth of the Chinese rural work force.

Today not only privately-owned and cooperative but even public industries and business commonly conceal a part of their profits and push up the prices of their products.

The Chinese press highlights a number of complex negative effects in the social sphere. Lust for profit, attempts to misuse the reform for selfish purposes and engage in illegal activities, such as smuggling and marketing fake goods, have manifested themselves in many regions. Yet these negative phenomena are not summarily imputed to the reform. "The reform is not to blame for theft and embezzlement, bribegiving and bribetaking, extortion and blackmail," Li Dengying, Chairman of the Standing Committee of the National People's Congress of Gansu Province, said at its recent session. "These ills could have arisen without it as well." Economic innovations in the country, such as decentralization in planning and management, broader powers granted to plants and the greater personal responsibility of managers, are outpacing the legislative acts intended to regulate them. This gap, naturally, creates the breeding grounds for deviations, deliberate or inadvertent, from plans and objectives. The above-mentioned problems in capital construction and the excessive growth rates in industry exemplify these adverse side effects.

The Chinese leaders are undoubtedly taking account of political, economic and social realities in the country. They say that the reform is exceptionally important to China because the overall objective is to reach the economic and technological level of a medium-developed country in the next century. This depends entirely on the success of the economic reform with the emphasis on town. Hu Yaobang, General Secretary of the Communist Party, said recently: "We need at least 30-40 years to approach the level of the advanced world. We firmly believe that this target can be reached."

The optimism of the Chinese leaders rests on their belief that, as they say, a way of "building socialism with a Chinese face" has been found. Every socialist country is developing in its own way, which merely confirms the prediction of Karl Marx that there can be countless variations and gradations of the same basis in its specific manifestations. As outdated economic structures and managerial methods of the pre-reform period have been brushed aside, the way has been cleared for a quest for better forms and methods of economic management.

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CHINA/FAR EAST/PACIFIC

SOCIOECONOMIC PROBLEMS STEMMING FROM CHINA'S REFORMS NOTED

Vilnius SOVETSKAYA LITVA in Russian 15 Jul 86 p 3

/Article by TASS correspondent Grigoriy Arslanov: "China Today: A Time of Search and of Hope"7

/Text/ What are the concerns of our planet's most populous country at the present time? What sort of changes have taken place in Beijing and in other cities during the past few years? TASS's correspondent in the Peoples Republic of China, Grigoriy Arslanov, tells about this in his report.

Duntsyaominsyan wallows in the shade of ancient acacias. In this district of Beijing, where the foreign embassy quarter, off-limits to the Chinese, once stood, peasants, having established themselves directly on the sidewalk, are selling tomatoes, eggs, live chickens and ducks, green onions, and garlic. Next to their bicycles, with enormous wicker baskets for transporting vegetables attached to their sides, shoemakers and tailors have taken up position. There are also furniture makers here, contriving to load a couch and two massive chairs on to an ordinary bicycle. To serve the people who come to the market, portable "bicycle-repair shops" have sprung up. At noontime, the peasants, as do all Chinese who are accustomed to a two-hour afternoon rest (recently the two-hour daytime break was abolished at government institutions and enterprises), after laying their heads on the small wooden stools where they sit while trading, go to sleep right on the sidewalk itself or at the edge of the street's traffic lane. Nobody will dare to steal their trade goods, or to disturb their sleep. Even minor thefts are severely punished by the law. But this is not all. A thief is always punished without mercy by passers-by themselves. Therefore, it is not surprising that you can see stands with vegetables left untended on the sidewalks over night.

There are hundreds of open-air market streets in Beijing and there are more of them everyday. The impression is created that the local authorities have decided that the roads and streets should serve not so much to walk or drive on, as to bring in money. In addition, all the first floors of the old apartment houses are being used for the services sphere -- they contain small

restaurants, shops, repair and tailoring workshops. Just a few years ago, all such activity was considered a "vestigial tail of capitalism".

A gradual release from the political, economic and administrative fetters of maoism can now be observed in the life of the cities and villages. In modern China, the "main person" is not the one who has memorized the largest number of quotations from the works of Mao Zedong or can recite his poems from memory, but the one who is doing his bit for the economic well-being of the country, who is engaged in creative work, in production, even privately.

The changes in the look of Chinese cities are not limited to the appearance of "free markets". In Beijing, you now almost never see the caravans of donkeys, buffalo and mules which used to haul sewerage out of the city on a daily basis. A sewer system has been laid. Motor transport has replaced animals. The streams of bicycles, on which more than five million residents of Beijing take to the streets during rush hours, are becoming less uncontrolled and chaotic. This is being facilitated not only by assigning them special lanes on many streets and by hanging photographs on squares and at crossings of those who paid with their own lives for violating traffic rules. People are beginning to grow accustomed to road discipline, to the rhythm of a modern city, where the presence of motor vehicles cannot be ignored.

Here is another one of the most noticeable changes: residents of Chinese cities, particularly the young people, have practically stopped wearing monotonous blue or green cotton clothing. Young Chinese can be seen in ordinary jackets and skirts. Now, nobody is afraid that, for this, they will be hauled before a "meeting of criticism", have their braids shorn, or their high heels chopped off.

Not so long ago it was enough to tell a Peking taxi driver that you needed to go to the "Vaytseyao dalou" (big diplomatic house) for him to deliver you unerringly to the seven-story "skyscraper" where the small colony of foreign diplomats, journalists and a handful of businessmen lived. Today, the "vaytseyao dalou" finds itself crowded in by high-rise buildings and, next to them, reminds one simply of a multistory barrack built of red brick.

In large industrial centers, new high-rise buildings are inexorably advancing on the old quarters, which consist mainly of single- and two-story structures built of clay mixed with straw and gravel -- monuments to traditional Chinese architecture. As a result, the cities are losing their face, the unique elements of an original architectural style. Therefore it has been decided that in Beijing, for example, which has already been the capital of China for more than 800 years, modern construction must be carried out in a way that preserves districts built several centuries ago.

Outside the old city, the majority of new high-rise hotels are being built with the participation of foreign capital, mainly from Hong Kong. The rooms in them, like the services of the many Mercedes, Toyota, and Nissan taxicabs which

stand at their entrances, are not for the ordinary Chinese. The daily rate for a room here ranges from 200 to 1,200 yuan (70-400 dollars), while the average pay of an employee or workers is less than 100 yuan a month. A "multistoried" social structure is also gradually growing in Beijing. The incomes of those who are engaged in private business greatly exceed the earnings of the remaining city-dwellers. At the same time, paradoxical though it may seem at first glance, the young people are still striving to find places in state enterprises. Evidently, the desire for a stable social situation is taking precedence. Quite frequently, the marriage advertisements published by the newspapers set the firm condition that a future life's companion work in a state institution.

The "free market" has resulted in rapid growth of private enterprise. Private construction and transport companies are multiplying. At the end of 1985, 17,660,000 million people were employed by them.

The social and economic transformations which have taken place in China are not limited to the authorization of private enterprise in the cities and individual use of land in the countryside, where plots of land are assigned to peasant farms on the basis of contracts. The economic management mechanism is being changed as a whole. A system of giving great independence to industrial enterprises, including large government ones, has arrived to replace centralized planning and management of the national economy. Relationships between them are structured like those between buyer and seller on the market. However, as expressed by Khu Tsili, a member of the Politburo and the Secretariat of the Chinese Communist Party Central Committee, "a strange phenomenon can be seen in the country: they say that reform is necessary and nobody comes out against it, everybody unanimously votes 'for', but as soon as things reach the point of specific steps, people experience a sense of uncertainty". This has engendered "a multiplicity of ideological and theoretical problems". In the economics sphere, they are leaving themselves open for speculation, bribery, and contraband trade. All this, as Khu Tsili expresses it, has led to "a fever of reform".

The increase in products for sale in the economy, saturation of the market by everyday goods, expansion of the network of "free markets", and the encouragement of private enterprises have led to an increase in the volume of goods for sale, but not to lower prices, including in particular prices for food products. This situation has caused dissatisfaction among city-dwellers and the intelligentsia, among those who are not connected with the land. With the dominating position of the market in economic life, the people are losing their right to equality in consumption, which they had succeeded in becoming used to.

Indeed, in the course of the long years of revolutionary struggle and after the country was liberated, the system of supplying workers, employees and their families with products of basic necessity, including foodstuffs, was based upon the principles of a "guaranteed" subsistence minimum". Under the conditions of semi-feudal China, where millions of people chronically starved, this had enormous meaning for the victory of the Chinese revolution and the start of

building a new China. However, with time, this benefit became a brake on the process of developing the productive forces and raising the quality of output.

If earlier, a system existed in which the Chinese, as they expressed it, "ate from one large bowl", enjoying modest but approximately equal benefits, then under the conditions of economic reform each person has to obtain his own "bowl of rice", and its size may vary considerably. It is clear that those who were accustomed during a long period of egalitarianism to work in a slipshod manner, silently but stubbornly oppose these innovations. But the problem lies not only in them.

Raises in pay and excessive increases in bonuses have led to an increase in the amount of money in circulation and, consequently, to inflation. Moreover, not all enterprises are in a position to withstand market competition, which has unavoidable effects on the well-being of workers and employees. The situation has reached a point where a draft law on "bankruptcy of enterprises" is being submitted for the review of government organs. All this gives birth to a whole series of social problems.

The country is in motion. The processes taking place in it are complicated and varied. Everything that is being done now is in sharp contrast to the practice of preceeding years, particularly to the time of the "great leap", to the periods before and after the "cultural revolution". The economic reform and the phenomena accompanying it are characterized by the leaders of China as a search for paths to "build socialism with a specific Chinese character".

...With arrival of the hot season, when the mercury in thermometers reaches readings of 35-38 degrees in the shade, the life of Beijing and other Chinese cities moves to the streets in the evenings. By the light of the streetlamps, spontaneous games of draughts, the Chinese version of chess, are organized. Many prefer the street lights for reading their books and newspapers: in most cases, they are brighter than city-dwellers have at home.

...And tomorrow is a new working day.

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CHINA/FAR EAST/PACIFIC

SOVIET MEDIA RESPONDING TO READERS' QUESTIONS ON CHINA

Educational Changes Described

Moscow PRAVDA in Russian 19 Aug 86 p 5

[Article by B. Barakhta: "In The Interests of Progress: Chinese Schools Today"]

[Text] Reader T. Zalmanova (Moscow) and other have asked us to tell about the development of education in the PRC.

Today a considerable amount of attention is being devoted to the development of education in the PRC. This is attested to by many facts. Recently a law was passed pertaining to the gradual introduction of a mandatory nine-grade school system. Last year educational needs, as well as science and health care, were allocated 20 percent more funds than during the preceding year. Propaganda constantly brings up issues pertaining to the operations of schools and higher educational institutions and ways to improve their functioning and to raise the cultural and educational level of cadres and of the people as a whole.

The fact that these tasks have found a place on the agenda is no coincidence. The PRC is attempting to solve serious problems connected with speeding up its socioeconomic development and carrying out the "four modernizations": modernization of industry, agriculture, defense, and science and technology. Obviously both the plans which have been outlined for the current 7th Five-Year Plan (1986-1990) and those for the period up to the end of this century cannot be successfully carried out without the existence of a huge body of educated blue- and white-collar workers, intelligentsia and cadres in the economic, party and state apparatuses.

Much remains to be done in order to make up for past mistakes and to eliminate the gap which has come into being. As a result of energetic measures which have been taken, the educational situation has improved markedly, especially as concerns the training of skilled cadres.

The number of general educative schools is growing. In 1985 there were a total of 830,000 elementary schools and 93,000 secondary schools in the PRC, with a total of almost 200 million children and teenagers in attendance.

Last year a total of 114 new VUZes, and at the present time there are over 1,000 such institutions in the PRC. The number of students had increased last year to two million, exceeding the previous year's figure by 22 percent. Graduate schools have been in operation for some years now since their reestablishment, and last year provided approximately 17,000 scientific workers with mid-level and higher qualifications.

In China today over one million young men and women are studying at a total of 2,500 tekhnikums, 740,000 people are learning trades in special schools, and over two million young people are studying at vocational and technical schools. The recent regular session of the PRC Scientific and Technical Society urged all its members together to teach 100 million rural young people one or two trades by 1990, with the goal of bringing about a sharp increase in labor productivity in Chinese villages.

According to current plans, the new PRC education law will be implemented in stages, in view of objective difficulties. It is planned that by 1990 universal mandatory nine-year education will have been introduced in one-fourth of all the country's economically important counties, and mandatory elementary education will have been extended to less developed areas. As for poor regions, of which there remain quite a few, according to the magazine LIAOWANG, there universal mandatory elementary education will have been introduced by the end of this century. As a result, according to the magazine HONGQI, at the beginning of the 21st century illiteracy in China will have been completely eradicated and the number of specialists with secondary or higher education will have risen to a total of 15-20 million.

At the present time the PRC's economy continues to experience an acute shortage not only of specialists, but also of blue- and white-collar workers who are merely literate. Thus, according to data provided by the XINHUA AGENCY, in 1985 only about 30 percent of the 40 million workers employed at state enterprises could be considered skilled.

The current process of economic reform in the PRC is solving the problem of a shortage of skilled cadres among the "commanders of production". After a "cadre regularization" at the 3,000 major and midsize enterprises which comprise the backbone of Chinese industry, according to a report in RENMIN RIBAO, the percentage of individuals with higher education among plant and factory directors rose from 40 to 89 percent, and among party committee secretaries -- from 10 to 81 percent.

This process is occurring not only within the economic system, but also in the party and state apparatus. Because, according to recent data published in RENMIN RIBAO, of the over 42 million CCP members, only four percent are graduates of a VUZ or tekhnikum, and 10 percent are illiterate. As for party committees at the provincial, regional and county levels, there over one-half of all cadres have a secondary school education or less. And this despite the fact, states the newspaper QINGJI, that in recent years it has been possible to increase the number of CCP members with VUZ diplomas holding responsible positions at mid-level branches to 40 percent, at the cost of considerable effort.



In China, judging from official statements, there exists considerable resolve to see through this reform, one of the most important of the cadre reforms currently being carried out in that country. As has been pointed out in this connection that "it is essential that educated, energetic young cadre workers continue to be consistently promoted to leadership posts at all levels."

The foundations of such reforms are laid at schools and VUZes in the person of the literate socialist toiler. The Chinese press is writing a great deal and with a great deal of concern concerning the acuteness and timeliness of raising the populace's educational level. This is quite understandable. For approximately 70 percent of the country's rural population, indicates RENMIN RIBAO, have not completed elementary school, and there are very many illiterates.

There are not enough village schools, and there are also not enough teachers. The negative attitude toward knowledge and the intelligentsia which was still cultivated in the recent past remains a serious problem. "In rural areas," writes the newspaper NONGMIN RIBAO in this connection, "instances are frequent of even CCP members and administrative workers treating educated people like foreigners who, although they are useful, are not to be trusted." Youth newspapers often write about parents who do not allow their children to go to school, regarding it as a "useless waste of time."

The situation in the cities is somewhat better. Whereas in villages, according to data published in the weekly LIAOWANG, only 60 percent of all children complete elementary school, in cities this figure is 94 percent. Nevertheless, even in city schools, as reported by RENMIN RIBAO in a special article, there are acute problems of shortages of teachers, textbooks, visual aids, etc. Despite increased spending for these needs, even in counties which are educationally progressive, states the CCP Central Committee organ, only three yuan are spent per pupil annually.

It still costs money to attend grade school in China, and a network of paying higher educational institutions is also being established. As the press has noted in this connection, the state is not yet in a position to bear all the costs of education.

Today, for example, one year's study for a child at a state elementary school costs the child's parents 42 yuan, and each secondary school grade costs almost 50 yuan.

Recently the PRC State Council passed a resolution concerning the introduction next year of a new system of free scholarships for students at VUZes. Now "incentive scholarships" will be paid for "good marks in studies and exemplary behavior." Those who are unable to pay for their years of study at an institute will be offered low-interest bank loans. These loans will be paid off out of graduates' salaries within five years after the beginning of their working careers.

Private schools and various vocational training courses are becoming very widespread in China. There have also appeared the first VUZes founded with

private funding. These measures are regarded as one of the components of a comprehensive course aimed at raising the cultural, educational and vocational level of the Chinese nation.

#### Living Standards Discussed

[Editorial Report] Moscow PRAVDA in Russian 8 August 1986 first edition carries on page 5 under the rubric "At Your Request" and the headline "Appreciable Changes" a 1,200-word B. Barakhta article in response to a reader's letter inquiring about the living standards of PRC working people. The writer points out that "raising the working people's material well-being and cultural standards has now been proclaimed one of the chief tasks of CCP domestic policy." Although, "compared with many other states, the standard of living reached in China is still low," and the Chinese press openly admits that "not all problems have been solved and there are many difficulties," the article notes the significant increase in wages during the last five-year plan, the increased availability of consumer goods and foodstuffs, and the expansion in housing construction. However, the article continues: "Much has been done in recent years to enhance the working people's material well-being, but still more remains to be done, for China, as the newspaper RENMIN RIBAO points out in this connection, is a developing country." It goes on to note the problem of unemployment and the effect that rising prices have on living standards. Barakhta concludes: "The difficulties standing in the way of enhancing the people's well-being are seen and objectively evaluated in the PRC today."

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CSO: 1807/376

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

ECONOMIC, TECHNICAL COOPERATION WITH PDRY

Moscow FOREIGN TRADE in English No 8, Aug 86 pp 17-18

[Article by Vadim Shamovski, chief of the Department for Economic Cooperation with Middle East Countries, USSR State Committee for Foreign Economic Relations: "USSR-PDRY: Economic and Technical Cooperation"]

[Text]

The friendly relations between the Soviet Union and the People's Democratic Republic of Yemen determine in many aspects the two countries' contemporary level of economic and technical cooperation which plays an important role in developing the PDRY's economy.

The first Soviet-Yemeni Agreement on Economic and Technical Cooperation was signed in February 1969. It was of great significance for solving many economic and special problems facing the young Republic.

The economic situation in the PDRY was aggravated by the country's lack of an energy base, poorly studied natural resources, absence of industrial enterprises, and backwardness of agriculture which could supply only one-third of the country's requirements in food. The country also suffered an acute shortage of skilled workers, engineers, technicians, teachers and doctors.

Subsequent years saw the signing of agreements and intergovernmental

protocols on economic and technical cooperation between the Soviet Union and the PDRY in such areas as agriculture and irrigation, fisheries, power generation, survey of mineral resources (mainly oil), transport and communications, construction industry, health care, and training of national personnel. These documents had the aim of helping the Yemeni people to overcome the heavy colonial heritage as quickly as possible and create the foundation of the country's independent economy.

The solution of such a complex problem could be ensured only by planned development of the economy, mobilization of financial resources for capital investments, state regulation of foreign and domestic trade. The elaboration of economic and social development plans of the PDRY was carried out with the assistance of Soviet specialists.

At present the Soviet Union is rendering technical assistance in building and operating 40 various projects in the Republic.

In 1976 a Soviet geological expedition on contract terms started oil prospecting in the north-eastern part of the country over an area of 40,000 square kilometres.

At present the second oil prospecting stage is under way in the area of Shabwa where six deep wells are to be drilled in 1985-1987. In 1978 an aeromagnetic survey was completed in the central part of the PDRY on an area of up to 50,000 square kilometres as well as geodetic work, aerial photography and map compilation.

In 1972 geological prospecting for solid minerals began with a result that commercial reserves of raw materials for the production of cement, lime and building stone were discovered.

An important place in Soviet-Yemeni economic and technical cooperation is occupied by the setting up and construction in the PDRY of agricultural and irrigation projects, by hydrological studies in the Hadhramaut valley and the establishment of agricultural machinery repair stations in Lodar, Ahwar and Nisab.

Large-scale work is under way to construct water facilities and reclaim lands. Soviet organizations render technical assistance in building and restoring 11 intake dams, in drilling 150 water wells, in establishing an irrigation network over an area of about 10,000 hectares. The construction of nine dams has already been completed, 130 wells have been drilled, and an irrigation system over an area of about 6,000 hectares built. This year (1986) will see the completion of these projects. State-owned and cooperative farms growing vegetables, grains and cotton are created on the reclaimed lands.

Soviet organizations started reconstruction of the Haig dam in the

Bana valley and restoration of the irrigation network there. Work is in hand to compile schemes for utilizing underground waters in the Rabwa and Ahwar valleys, to reconstruct 7,000 hectares of irrigation systems near the Baina dam. Three machinery repair stations, previously set up with Soviet assistance, will undergo expansion before 1990.

Work has been started at an agricultural station in Abian which will put animal breeding on a scientific foundation.

An important area of Soviet-Yemeni cooperation is fishery whose development is improving the country's food supply. Fish resources in coastal waters were determined with the assistance of Soviet specialists and recommendations prepared and put forward for the development of commercial fishing and building of enterprises for processing and storing fish products. The Soviet Union helped PDRY create its national fishing fleet and equip it with modern ships and fishing gear. A Soviet-Yemeni enterprise for catching and processing fish, lobsters and cuttlefish has been in operation since 1971.

The Mukalla fish cannery, put in operation in 1979, works profitably. This factory produces 4.5 million tins of fish per year.

One of the major projects of Soviet-Yemeni economic and technical cooperation is the fishing port in Aden, its second stage will be commissioned this year. The Aden fishing port will become the central fish-producing complex of the PDRY. It will fuel and outfit the fishing fleet, unload and store the catches, and take care of ship repairs.

A special place in Soviet-Yemeni cooperation is occupied by power

generation. A 125-MW thermal power station with a distilling installation capable of producing 42,000 tons of distillate per day is under construction in Aden with the assistance of Soviet organizations. The generated output of the Aden thermal power station will amount to over 30 per cent of the installed capacity of all power stations of the PDRY, and the distillation installation will considerably improve Aden's drinking water supplies. The first stage of the power station started operating last year.

A Yemeni state construction organization is responsible for the building of this complex and the USSR is helping it by supplying construction and erection equipment, materials, as well as by sending designers and builders. Yemeni nationals are trained on the construction site. After completing the construction and installation work on this complex the Yemeni construction organization will be capable of independently tackling other projects.

The construction of a 300-bed hospital for children in an Aden suburb has been completed.

Much work has been done at Aden airport: the runway has been extended by 550 metres, taxiways have been reconstructed and can now accept heavy aircraft. Work had been completed on expanding the aircraft parking area by 70,000 square metres.

This is by no means a full list of projects in Soviet-Yemeni economic and technical cooperation.

A development scheme for the commercial port in Aden has been prepared, cooperation is envisaged

on the construction of two deep-water dry-cargo wharves with a yearly throughput cargo capacity of no less than 500,000 tons.

Moreover, Soviet organizations render technical assistance during operation of the constructed projects.

Considerable attention in Soviet-Yemeni cooperation is paid to the training of national personnel. At present more than 120 teachers from the PDRY are attending courses at the USSR's higher educational institutions and technical schools. Training centres at Aden and Mukalla built with Soviet assistance, turn out skilled construction workers and engineers. Projects of Soviet-Yemeni cooperation at which about 15,000 Yemeni workers and specialists in the mass professions have been trained through on-the-job teaching, have become true schools for Yemeni nationals.

The Standing Commission on Economic and Technical Cooperation between the USSR and the PDRY, established in May 1980, is an efficient tool monitoring the implementation of Soviet-Yemeni agreements in the field of economic, trade and technical relations and studying the possibilities and directions of further development and strengthening of these relations.

Soviet-Yemeni economic and technical cooperation reflects a new type of international economic relations based on the principles of equality, respect for national sovereignty international solidarity and disinterested assistance. It serves the noble objectives of peaceful cooperation and economic progress.

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English translation, "Foreign Trade", 1986

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7 October 1986

## MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

## USSR-LIBYA: PROGRAM FOR ECONOMIC, TECHNICAL COOPERATION

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SSSR in Russian No 9-10, 1986  
pp 145-148

[Article 28: A Long-Term Program to Develop Economic, Scientific-Technical and Trade Cooperation Between the Union of Soviet Socialist Republics and Socialist People's Libyan Arab Jamahiriya]

[Text] The Union of Soviet Socialist Republics and Socialist People's Libyan Arab Jamahiriya,

noting with satisfaction the positive development of economic, scientific-technical and trade cooperation,

confirming a mutual desire to strengthen and develop cooperation in these areas on a basis of equality, respect and mutual advantage, and striving to impart a stable, consistent and long-term character to that cooperation,

based on the provisions of the Economic and Technical Cooperation Agreement signed by the two countries on 4 March 1972, the Trade Agreement signed on 20 May 1974, and governed by the 29 June 1981 Protocol of Economic and Technical Cooperation Talks Between the USSR and the SPLAJ ,

adopt this Long-Term Program to Develop Economic, Scientific-Technical and Trade Cooperation Between the Union of Soviet Socialist Republics and Socialist People's Libyan Arab Jamahiriya.

## 1. Economic and Technical Cooperation

The parties affirm their intention to develop and deepen cooperation in construction, expansion and modernization of industrial and other facilities in such areas as nuclear power engineering, electrification, petroleum, gas, chemical and petrochemical industry, metallurgy, machine building, geology, transport and communications, public health, agriculture, developing pasturage, lumbering, the construction of dams and irrigation projects, as well as other areas, including educating and training the national personnel necessary for these branches and seeking out new directions and forms to achieve this.

## 2. Cooperation in Trade

The parties will strive to develop mutually advantageous trade between both countries on a long-term, equal, balanced basis and to increase trade turnover between them.

To the above-indicated ends, the parties will strengthen and encourage business contacts between foreign trade organizations and companies and the chambers of commerce of the USSR and the SPLAJ and organize trade exhibits aimed at making both parties more familiar with the export opportunities and import requirements of each.

### 3. Scientific-Technical Cooperation

The parties stress the importance of and will encourage continued development of cooperation between both countries in the field of science and technology for purposes of using their scientific-technical opportunities more effectively to solve scientific and technical problems of mutual interest. The cooperation will be effected by authorized organizations of the parties within the framework of two-year, concrete programs prepared by them.

### 4. Cooperation in Planning Activity

The parties consider it useful to cooperate in the area of planning between the USSR State Planning Committee and the SPLAJ Planning and Economic Affairs Secretariat.

Given this, the parties have agreed that planning specialists from both countries will meet within the framework of the Soviet-Libyan Intergovernmental Commission for Economic Development and Scientific-Technical Cooperation Questions and Trade to exchange experience and knowledge in the area of planning.

### 5. Cooperation in Third Countries

The parties attach important significance to economic cooperation and marketing in third countries. In this connection, the parties have agreed to encourage the activity of their own organizations concerning the implementation of appropriate joint projects in third countries based on mutual advantage, as well as marketing surplus products from the cooperation projects.

### 6. Forms of Cooperation

The parties consider the following the most appropriate forms of economic, scientific-technical and trade cooperation:

- participation by Soviet and Libyan organizations in preparing the technical-economic substantiation for, planning and building industrial and other projects;

- providing various services and cooperation in the area of production and marketing;

- supplying equipment, machinery, materials, spare parts, and so on, including the above for cooperation projects;

- the sale and acquisition of patents, licenses and "know how";

- joint scientific research;

- an exchange of short-term and long-term visits by scientists and specialists for familiarization with or participation in scientific research;

- an exchange of information using modern, improved devices and equipment;

- organizing joint scientific seminars and conferences;

providing scientists and specialists an opportunity to participate in scientific seminars and conferences held in both countries;

conducting scientific on-the-job training programs for purposes of improving the skills of scientists and specialists and raising their level of scientific training.

## 7. General Provisions

The projects and areas of cooperation stemming from this Program will be defined by agreements and contracts which take into account the socio-economic development plans of each country, as well as the actual requirements and opportunities of each country.

For purposes of implementing the Long-Term Program, the parties will promote reaching agreement on mutually suitable concrete terms for financing the work and the projects.

The parties have agreed to instruct the Soviet-Libyan Intergovernmental Commission on Economic Development and Scientific-Technical Cooperation Questions and Trade to monitor implementation of this Program and help solve problems which might arise as it is carried out.

As this Program is implemented, additions and changes may be made to it if necessary, with the mutual consent of the parties.

This Program does not infringe on the rights and obligations of the parties associated with bilateral and multilateral agreements.-----

This Program will go into force a month after the exchange of notes approving it in conformity with the legislation in effect in each country.\*

This Program will remain in effect for 15 years and will be automatically extended every five years unless one of the parties informs the other party in writing it desires otherwise. This must have been done six months prior to expiration of the indicated periods.

Done in Moscow on 14 October 1985, (29 Muharram 1395 min vafat rasul), in two true copies, one each in Russian and Arabic, with both texts having identical validity.

M. GORBACHEV, for the Union of Soviet Socialist Republics

M. QADHAFI , for the Socialist People's Libyan Arab Jamahiriya

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\*Program went into force on 25 January 1986



MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

SYMPOSIUM ON NATIONAL-DEMOCRATIC TRANSITION IN AFGHANISTAN

Moscow OBSHCHESTVENNYE NAUKI in Russian No 4, 1986 pp 212-215

[Article by Yu. Gankovskiy, doctor of historical sciences: "National-Democratic Transition in Afghanistan"; passages enclosed in slantlines appear in italics in source]

[Text] The first Soviet-Afghan symposium of historians, held in Kabul in February 1986, was devoted to /the April 1978 revolution and national-democratic transition in Afghanistan./ The most prominent Afghan scientists, leaders in the Afghan Academy of Sciences, and a delegation of Soviet historians took part in the symposium, organized by the Commission of Historians of the USSR and the DRA.

The symposium was opened by S. Laeq, president of the Afghan Academy of Sciences. Eleven reports, which examined the social, economic, national and cultural processes which developed after the reactionary autocratic regime was overthrown, were heard and discussed. The movement in the country on the path from backwardness to progress was analyzed in general and specifically. It was stressed that the main objective today is to consistently, steadfastly and completely resolve the tasks of the national-democratic revolution, expanding its social basis. The ranks of the vanguard of the revolution--the People's Democratic Party of Afghanistan--are being consolidated. The country's progressive and patriotic forces are now uniting the National Fatherland Front (NOF) of Afghanistan. Patriotically inclined representatives of all sections and groups of the population are being involved in management of state affairs.

The reports noted that improvements were made in the progressive reconstruction of Afghan society after April 1978. Unquestionably, these positive changes would have been more significant if the enemies of the revolution, propped up by the broad support of imperialist states and conservative regimes in the region, had not unleashed a war against the young republic. However, the PDPA was able to rouse the people to defense of the revolution. The enemies are being repulsed in a fitting manner. At the same time, the party and government of the DRA are taking every step to ensure that the situation around Afghanistan is settled by peaceful political means.

The report by S. Laeq, which disclosed the role of the Pashtoon tribes in the process of Afghanistan's revolutionary restoration, emphasized the importance of involving these tribes in more active participation in state affairs and in defending the country against the encroachments of imperialism.

(S. Khumayun) of the DRA covered the history of the National Fatherland Front of Afghanistan and its role in expanding revolutionary influence on the masses. Trade unions, women's and youth organizations, creative unions, and councils of ulamas, priests, tribes, and so forth--18 organizations and associations in all--are now collaborating in the NOF. The NOF also includes individual members--figures outside the party and organizations.

(M. A. Numyalay) of the DRA covered the basic directions of DRA nationality policy, aimed at achieving complete equality of rights and all-round development and ensuring the unity of all peoples and tribes of Afghanistan and their active involvement in building and defending a new life. The importance of this policy is established by the multinational composition of the population of the DRA (more than 20 nationalities live within its borders) and by the necessity of overcoming the lack of uniformity in the socioeconomic and cultural development of the country's different ethnic regions inherited from the past.

The report by (A. V. Karar) of the DRA analyzed the effect of the foreign political situation on the course of revolutionary progress in Afghanistan. It was pointed out that the obvious and persistent striving by international imperialism and regional reaction to prevent the existence of a free and independent Afghanistan is the chief and fundamental cause of difficulties in carrying out the objectives of the April revolution. The undeclared war against Afghanistan is inflicting immense losses on its people. Just the direct physical damage to the national economy of the DRA, caused by the actions of the counterrevolution, amounts to hundreds of millions of dollars.

The reports by Afghan scientists emphasized that achieving victory over the armed counterrevolution is the principal task in the current stage of the revolution. Its successful resolution requires unremitting attention to the state of affairs on the economic front. Steps taken by the party and government of the DRA to restore enterprises and build new ones, to improve their provision with raw material and power resources, and to ensure that they are protected from enemy sabotage have made it possible to bring about stable rates of recovery for industrial production. The PDPA is devoting particular attention to consolidating the positions of the state sector, which now turns out more than 60 percent of industrial production. In the 1986-1990 period, it is planned to increase the gross national product by one-fourth as much and to raise the population's living standard. Financial, taxation, credit, pricing and customs policy is being refined with the aim of stimulating the cooperative movement and ensuring that the potentialities of the private sector are taken into account more completely.

Development of the most important sectors of the national economy requires skilled personnel. The report by (Sh. M. Makhmud) of the DRA raised the questions of developing higher education in the DRA and characterized the steps to provide for the economy's requirements for nationality personnel.

The Afghan scientists stressed that the Soviet Union and other countries in the socialist community are providing much assistance in economic construction to Afghanistan. With the assistance of the USSR, more than 200 economic projects have been built and are under construction in the DRA. Enterprises of the state sector, established with USSR assistance, are turning out about 75 percent of industrial production.

(Dzh. Sadiki) of the DRA examined basic directions in the development of historical science in Afghanistan following the April revolution. He emphasized that interest in key aspects of the national history of recent decades had increased significantly. Before the April revolution, these matters were practically not being studied, inasmuch as they were linked with the activity of progressive forces in Afghanistan. There are already a number of interesting works on the country's current history to the credit of DRA historians.

Soviet researchers shared their experience and the results of studying the history of the revolutionary-democratic movement in Afghanistan, the history of the April revolution, and cultural construction in the DRA (V. Korgun, F. Girs and D. Saidmuradov). The Afghan scientists were informed that after April 1978 Soviet historians had prepared and published a significant amount of research devoted to problems of the historical past and present of Afghanistan. The collective "History of Afghanistan," which analyzes features of the historical path followed by this country from ancient times to the present, was published in Moscow in 1982.<sup>1</sup> Works were released by the "Nauka" publishing house on individual problems and periods in the history of the peoples of Afghanistan. They include two monographs by V. Korgun--"Afghanistan in the 1920's and 1930's" (1979) and "The Intelligentsia in the Political Life of Afghanistan" (1983), the book "The USSR and Afghanistan: 1919-1981" by L. Teplinskiy (1982), the book "Ocherki istorii i istorii kultury Afganistana" [Essays on the History and History of Culture of Afghanistan] by V. Romodin (1983), and the collective work "Istoriya vooruzhennykh sil Afganistana: 1747-1977" [History of the Armed Forces of Afghanistan: 1747-1977] (1985), and other works.

Yu. Gankovskiy reported on unknown or little known sources for recent and current history of Afghanistan (including the unique archives of Crown Prince (Inayatulla Khan), as well as the history of the revolutionary and national liberation movement of the peoples of Afghanistan. Some of these sources (works by the Afghan historian (Faiz Muhammad) on events in the civil war of 1928-1929, for example) have been translated into Russian.

The symposium stressed the importance of joint study by the two countries' scientists of key problems in the history of Afghanistan; the history of economic, political, cultural and scientific contacts between the peoples of Afghanistan and the Soviet Union; current collaboration by the two countries in different fields; the traditions of the liberation struggle by the peoples of Afghanistan and other Asian peoples; and international experience in armed defense of revolutionary achievements.

The symposium has become an important event in the scientific and sociocultural life of Afghanistan. Its work was covered in the Kabul press and on radio and television. In particular, a "roundtable" with historians from the USSR and the DRA was broadcast on television.

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Results of joint efforts by Soviet and Afghan historians in 1985 were summed up in the /second meeting of the Commission of Historians of the USSR and the DRA/, held in Kabul.<sup>2</sup> S. Laeq, president of the DRA Academy of Sciences, and (A. S. Gafari), chief scientific secretary of the DRA Academy of Sciences, took part in the meeting. Reports were heard from Yu. Gankovskiy, chairman of the Soviet side of the commission, and (A. L. Dzhalali), scientific secretary of the Afghan side of the commission, on progress in preparing and publishing joint works by scientists of the two countries: "The History of Soviet-Afghan Relations" and "Afghanistan and Central Asia in Ancient Times and the Middle Ages," as well as in publishing the first volume of the collection of archive documents ("Akhkam-i khuzur"). The commission expressed satisfaction with the work that had been done. It was decided to hold a third meeting of the Commission of Historians of the USSR and the DRA in the spring of 1987 in Moscow and Dushanbe. The symposium "Great October and Soviet-Afghan Relations," for which the Afghan side has been charged with preparing a program, will coincide with the meeting.

Members of the Soviet delegation visited the Institute of Social Sciences attached to the PDPA Central Committee, where L. Teplinskiy delivered the lecture "Basic Directions in the Soviet Union's Foreign Policy."

At a meeting with the teaching staff of the humanities departments of Kabul University, the Soviet scientists reported on the structure and basic directions in the work of oriental studies centers in the USSR.

During their stay in Kabul, the Soviet historians were received by (M. Baryalay), candidate member of the Politburo of the PDPA Central Committee and secretary of the PDPA Central Committee, and by (A. Atef), president of the National Fatherland Front of Afghanistan.

#### FOOTNOTES

1. The book was published in English in Moscow in 1985.
2. Regarding the commission's first meeting, see: OBRSHCHESTVENNYE NAUKI, 1985, No 5, pp 171-172.

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MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

INDIAN COMMUNISTS WORK TO AID POOR, MAINTAIN INDIA'S UNITY

Moscow PRAVDA in Russian 13 Jul 86 p 4

[Article by O. Kitsenko, PRAVDA correspondent, Kottagudem - Madras: "Under Red Flags

[Text] The red flags were crackling in the brisk wind. Rank after rank of demonstrators were marching down the main street of the mining town of Kottagudem. The plastic signs held aloft by the columns of marchers proclaimed the demands being set forth: "Give Us Drinking Water!", "Stop the Rise in Prices!", "Give Women Jobs!", "Equal Pay for Equal Work."

This demonstration had been organized by the city organization of the KPI [Communist Party of India]. In the evening, upon meeting its activists, I became acquainted with the two women who had headed up the demonstrators: M. Indira and G. Karunavati. Both of them are secretaries of the Khammam District Council of the National Federation of Indian Women. And M. Indira is also a member of the KPI District Council.

"Our work would be unthinkable without constant reliance on mass organizations of women, youth, and trade unions," I was told by the secretary of the Kottagudem City Committee of the KPI, K. Samba Shiva Rao, an energetic young man of 30, who prior to this had worked on the party newspaper, BISHALA ANDHRA. "You know, there are only 600 Communists in this town, while the mass non-party organizations which we lead unite several thousand persons. Together with them, we are able to organize large-scale public campaigns, and it is most frequently because of this that we succeed."

From the secretary's story and those of other leading officials of the city's party organization an impressive picture emerged of the activities of these Communists, who have become an influential force in this city of coal-miners. They are deeply aroused by any problem which touches upon the interests of the working people. This includes the problem of fighting unemployment and price increases, the problems of developing the city and its transport, as well as improving the sanitary conditions. It is also the acute problem of providing the population with drinking water. The state of Andhra Pradesh, where this town is located, suffers chronically from drought. Last year it struck two-thirds of its districts. The Communists of Kottagudem sent a letter to this state's government with a demand that measures be adopted to provide the population with water. This demand was signed by 100,000 signatures which had been collected by the Communists.

For a long time the students of a local private college carried on a struggle without results against the financial abuses of the administration, against bribes and various types of requisitions which, in the final analysis, went not for the college's needs but instead into the pockets of its bosses. The Communists came in order to help. They organized a general strike in the city with a demand for nationalization of the college, and the state government promised to carry out this measure.

And here is yet another example of bold, decisive actions on the part of the Communists, actions which were crowned with great success. The growing population of Kottagudem, which has already reached 140,000, does not have enough land for housing. Moreover, on the city's outskirts a big contractor illegally took possession of a large section of land. Attempts to take the land away from him led nowhere. He had bribed officials and relied on the support of right-wing parties. Headed up by the Communists, homeless citizens secretly occupied the land and began to build homes there. Then the authorities took the decision to transfer the land to those who needed it. Now two settlements have grown up on this land, and a thousand families live there. To one of them the inhabitants have given the name "Leninagar," while the other has been named after a hero of the liberation struggle against the British, Bhagat Singh.

The Communists of Kottagudem and the entire state of Andhra Pradesh have rich traditions of fighting for the interests of the homeland and the working people. They participated actively in the liberation struggle of India's people, and in the mid-1940's under the leadership of the Communist Party in Telengana, a region which had formerly been part of the Hyderabad Principality, a peasant, anti-feudal movement was launched. The struggle there was waged under the slogans of eliminating the foreign colonial dominance, deposing the British puppet--the Hyderabad Nizam--inclusion of the principality in the independent Indian state, handing over the landowners' lands to the peasants, granting elementary civil liberties to the working people, and improving their living conditions.

At the end of 1948 the Nizam was deposed, and Hyderabad became a part of a unified India.

And after the winning of independence the Communists of Kottagudem have unwaveringly continued to speak out as defenders of the cause of the country's unity and integrity. When during the late 1960's and early 1970's, in the region of Telengana and then in Andhra, landowner-kulak circles launched separatist movements in an attempt to disrupt the implementation of progressive changes, above all, land reform, the Communists of the Kottagudem organization actively and consistently participated in the struggle against these anti-national movements. They explained to people that separatism would pose a threat not only to nationwide interests but also to the interests of all working people, that the separatists were pursuing goals alien to the working people.

Among the mass organizations of the KPI a particular place certainly belongs to the coal-miners' trade union; it is the most numerous and influential organization. During the years of its existence it has done a great deal to

improve the living conditions of the miners. Now they enjoy the most diverse social benefits. However, stated the General Secretary of the Singareni Company's trade union, M. Kumaraya, while struggling for the interests of the workers, we have never forgotten that our company is an enterprise of the state sector, and we have done everything to ensure the success of production. We strive to resolve disputed questions by means of negotiations, and we call upon the workers to increase their labor productivity. Since 1980 we have begun to carry out a long-standing decision by the government concerning the workers' participation in managing production. The workers' committees have representatives of the workers and those of the administration. Once a month they meet in sessions, at which they discuss problems of better production organization and labor safety. Such committees, stated M. Kumaraya, are now functioning in all the mines of this company.

All this undoubtedly assisted the fact that during the last five-year plan coal mining steadily increased; such an increase was particularly noticeable in the year just past. In just six months--from April through October 1985--it grew by 1.8 million tons, as compared with the corresponding period of the preceding year. The most significant contribution has been made by the two open-pit mines which were constructed with the assistance of the Soviet Union. They accounted for 14 percent of all the coal extracted at 58 mines.

"Together with our efforts aimed at solving various socio-economic problems, we are paying more and more attention to development of the anti-war movement, to explaining to the masses the dangers of a nuclear war," we were told at the conclusion of our interview by the secretary of the Khammam District Council of the KPI, T. V. Choudary. "In Kottagudem, Khammam, and in other cities of this district we widely observed the 40th Anniversary of the Victory over Fascism in World War II. A march of peace proceeded through our entire district; its route began in the Sri-Kakulam District. Meetings, assemblies, and exhibits were held with slogans supporting the Soviet peace initiatives aimed at curbing the nuclear-arms race which imperialism has unleashed. We have spoken out in favor of banning the testing of nuclear weapons and in favor of the United States refraining from its 'Star Wars' plans."

On the streets of Kottagudem, as well as in other cities and villages of the Khammam District, one can frequently see red flags with the emblems of the hammer and sickle. These are the flags of the KPI. They have been placed on tall poles in front of shops, workshops, and apartment houses. I dropped into a shop in front of which such a flag was fluttering. It turned out that the shop's owner--R. K. Surya Rao--is not a Communist. I asked why he was displaying the flag of the Communist Party. He replied as follows: "It was not I who did this. But I did not say anything against this. In our city the Communists are respected very much. That is because they do a great deal for the common people."

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MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

PROBLEMS WITH EGYPT'S 'OPEN DOOR' POLICY POINTED OUT

Moscow IZVESTIYA in Russian 1 Aug 86 p 5

/Article by D. Velikiy, IZVESTIYA staff correspondent: "Where the 'Open Doors' Lead"/

/Text/ "If they have begun writing almost as much about the new budget as they do about Maradona, that must mean that it's a nasty business," joked an elderly, smartly dressed Egyptian, after casting a glance at the headlines of THE EGYPTIAN GAZETTE, which he had just purchased from a street vendor; the latter was doing several things at the same time, including selling me some dusty postcards with views of the Pyramids. "But everything will be O.K.," the Egyptian concluded optimistically and, after diving into a sports-type Mercedes, which are wildly expensive here, shot like an arrow out of his place and flew into a gap between vehicles passing by. I turned back to my postcards.

"Two Egyptian pounds," said the vendor and firmly added the following: "But one dollar would be better."

Many jokes contain a portion of truth. There is also some here in the comparison of the priorities of economic calculations with those of soccer--a genuine passion of the Egyptians. Much more is now being written about Egypt's economy than about anything else at all.

Perhaps the greatest alarm has been caused among observers by the foreign debt of more than 30 billion dollars--an enormous amount for the Egyptians. They speak about it as if it were some neglected ailment, something which they have no particular hope of extricating themselves from. In one of its editorial pieces THE EGYPTIAN GAZETTE gloomily stated that just the payments on this debt "are swallowing up 40 percent of the current financial revenues." Moreover, the influx of currency into the Egyptian treasury has been sharply reduced. But the debt is growing.

Four tributaries feed the monetary stream that gives Egypt the dollars it uses to make its debt and interest payments. The revenue income comes: from the sale of petroleum, from Egyptians working abroad, from the operation of the Suez Canal, and from the tourist business. However, petroleum exports from Egypt this year have been cut almost in half; their value has sharply declined, as compared with the prices of December 1985.



The tense situation in the region, complicated, to a great extent, in connection with the U.S. attack on Libya, has likewise had a negative effect on the traffic load of the Suez Canal. The absolute income from operating the canal, to be sure, has grown, since the rates charged for passing ships through has been increased, but the anticipated figures have simply not been achieved. The demand for manpower in the countries of this region has also declined. As regards tourism, the newspaper Al-AKHBAR, for example, has pointed out the following circumstance as one of the reasons for the decline in income for this item as well: several countries of the Near East have been accused of organizing several terrorist actions in Western Europe. As a result, the "influx of tourists to these states, in particular, to Egypt, has sharply declined."

Thus, the four branches of currency inflows have simultaneously failed to provide their customary or anticipated incomes. The ship of the Egyptian economy, heavily burdened with the cargo of a foreign debt beyond its capacity, is compelled to forcefully maneuver so as not to run aground on a sandbar. This ballast, which is obviously exerting a destabilizing influence on Egypt's economy, came to it as a heritage from President Sadat, who proclaimed in his time the policy of "infity"--"open doors" as the country's economic doctrine. And just as soon as the doors of the Egyptian economy were thrown open, Western, primarily American, capital burst through them in an instant.

The "open door" policy has brought about a sharp polarization of Egyptian society. On the soil of predatory enterprise there has been a precipitous growth of fast-ripening millions; their owners--the nouveau riche and their Western competitors have briskly snapped up the contracts and orders. The country has more than a hundred billionaires and several tens of thousands of persons with bank accounts running into seven figures.

Meanwhile, about 40 percent of the Egyptians, according to official data, are extremely poor. And there are still several hundreds of thousands who are, in fact, homeless, unless one considers burial vaults, of which there are many in Cairo, as homes. Formerly, these vaults served as the resting place for the mortal remains of the Mamelukes, but now they serve as the sole shelter for those whom the society has buried alive.

What have they been given by the "open door" policy and American aid, which those propagandists from across the ocean never tire of reminding us? Let us note that American aid to Egypt, as a rule, is carried out only by goods, equipment, or specialists, or else all taken together for a certain total. The equipment often turns out to be obsolete, and, furthermore, few prices on them are discounted. And if specialists from across the ocean come here, their services frequently cost an amount equalling 40 percent of the project's entire cost. Yes, this is an expensive business, this American aid....

A serious problem is the status of the housing stock; it obviously needs to be added to and renovated. And returning at this point to the budget which was recently adopted, it must be said that the government has provided significant measures for substantially improving the situation in this field. But the ways to solve this problem do not seem to be easy. For example, the

newspaper AL-AKHBAR cited the opinion of an engineer who criticized the government's policy in the field of housing construction. In particular, he pointed out the fact that, inasmuch as the construction of houses is carried out using imported construction materials by means of aid and loans, the state is compelled to pay for these supplies a minimum of 16 percent interest per annum. Moreover, it has to pay in currency.

Therefore, the engineer proposes that all contracts be transferred into the hands of local entrepreneurs. And, in general, this sounds logical. Indeed, in the plans for housing construction a certain proportion of the contracts will be transferred to the local entrepreneurs. But just recently in a working district of Cairo a seven-storey apartment house collapsed. Several dozen persons perished. This disaster occurred because the apartment house had been constructed by a local builder in a hurried, slapdash manner, on soil which was incapable of sustaining such a load. And so, as we can see, the situation with regard to housing construction is also quite complicated.

It must be said that the Egyptian leadership, headed up by President H. Mubarak, is undertaking specific and, in a number of cases, decisive steps aimed at stabilizing the country's economic situation and carrying out positive changes in many of its sectors. Approximately 3 billion Egyptian pounds a year are being allocated in order to render food and other aid to the poorest strata of the population. (To be sure, THE EGYPTIAN GAZETTE writes that if all these items reached those who genuinely need them, this aid would be more effective). Energetic measures have been worked out to rectify the situation in the country's agriculture. Efforts are being undertaken to put capital investments into those sectors of industry whose development is vitally necessary for Egypt. Recently President H. Mubarak called upon Egyptians to decisively struggle against those who are attempting to fatten themselves predatorily and to enrich themselves at the expense of the working masses. However, the inertia of the "open doors" policy hinders, to a considerable extent, the process of positive changes and delays the solution of Egypt's pressing and urgent problems.

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